DOCUMENT RESUME

ED 327 687 CE 056 722

AUTHOR	Phillips, Phillip D.
TITLE	Economic Development for Small Communities and Rural Areas.
INSTITUTION	Illinois Univ., Urbana. Office of Continuing Education and Public Services.
REPORT NO	ISBN-1-877847-52-6
PUB DATE	90
NOTE	183p.; Exhibits present various legibility problems.
AVAILABLE FROM	Office of Continuing Education and Public Service, University of Illinois, 302 East John Street, Suite 202, Champaign, IL 61820 ($24.95).
PUB TYPE	Guides - Non-Classroom Use (055)
EDRS PRICE	MF01/PC08 Plus Postage.
DESCRIPTORS	Adult Education; Adults; *Community Development; Community Programs; Continuing Education; *Economic Development; Job Development; *Marketing; Municipalities; Organization; *Planning; *Rural Areas; *Site Selection
IDENTIFIERS	*Small Towns

ABSTRACT

This book is designed to provide an introductory understanding of challenges, goals, processes, and procedures for economic developers, particularly economic development volunteers, in rural areas and small towns. Chapter 1 defines economic development and basic terms. Chapter 2 describes major economic, social, and demographic trends that influence the development prospects of small communities and rural areas. Chapter 3 discusses 10 common denominators of success for development organizations and steps in getting started. Common problems are addressed in Chapter 4. Chapter 5 reviews the basics of site selection and describes a 12-step process. Chapter 6 discusses in detail a strategic planning process that is composed of a cycle of eight steps. Focus of Chapter 7 is on the rationale behind targeting and on data sources and techniques to select target industries. Chapter 8 provides information on business retention, expansion, and creation programs. Chapter 9 describes a comprehensive approach to marketing as applied to economic development based on the strategic planning and targeting frameworks and an understanding of the site selection process presented in earlier chapters. Each chapter concludes with references to books, articles, and organizations that are particularly relevant to the topics covered. Twenty exhibits supplement the text, and a 107-item annotated bibliography lists relevant books, articles, government publications, and development organizations. The book is intended to be a useful reference book for local government officials, community leaders, educators, and others involved in the community economic development field. (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED327687

Economic Development for Small Communities and Rural Areas

Phillip D. Phillips, Ph.D.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C Cozoll

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Community Information and Education Service Programs
Office of Continuing Education and Public Service
University of Illinois at Urbana-Champaign

CE056722

Copyright © 1990
The Board of Trustees of the University of Illinois
All rights reserved
ISBN 1-877847-52-6

Contents

Foreword

Introduction **1**

1. Defining Economic Development **3**
What Economic Development Is and Is Not 3
Defining Some Terms 5

2. Factors Influencing Economic Development Prospects **9**
Globalization of the Economy 9
Trade Deficits 10
Slower Population and Labor Force Growth 10
Increased Labor Force Participation by Women 10
Growth of High-Tech Industries and Knowledge-Based Economy 11
Worldwide Overproduction of Commodities and Manufactured Goods 11
The Changing Nature of the "Basic" Economy 11
Corporate and Economic Instability 12
Increased Competition and Cooperation in Seeking Jobs 12
The Battle of Business Incentives and Business Climate 12
The Growing Importance of Private-Public Sector Partnerships 13
Conclusion 13

3. Establishing a Successful Economic Development Program **15**
Common Denominators of Success 15
Steps in Getting Started 21

4. Common Problems Facing Economic Development Programs 25
Complacency 25
Poor Working Relationships Among Development Groups 26
Poor Image and Attitudes 27
Limited Vision 28
Lack of Outside Investment 28
Limited Commitment to Economic Development 29
Poorly Developed Policies on Incentives 29
Finding Volunteer Time 30
Conclusion 31

5. The Site Selection Process 33
Types of Site Selection Decisions 33
Control Factors in Site Selection 35
Steps in the Site Selection Process 42
Case Study 49

6. Strategic Planning for Economic Development 55
Steps in Strategic Planning 55
Establishing an Organizational Framework 56
Developing a Mission Statement 57
Conducting an Environmental Scan 58
Analyzing Strengths, Weaknesses, Opportunities, and Threats 78
Defining Priority Issues 84
Developing Goals, Objectives, and Strategies 88
Implementing, Monitoring, and Revising the Program . . . 91

7. Targeting Development Efforts 95
Why Target? 95
Potential Target Sectors 96
Manufacturing Targeting 100
Office Targeting 103
Retail and Tourism Targeting 106
Geographic Targeting 107

8. Business Retention, Expansion, and Creation Programs 109
The Role of Retention and New Business Creation 109
Retention and Expansion: Business Surveys and Call Programs 110
Other Types of Retention Programs 118
New Business Creation 119

9. Marketing Your Community 127
Economic Development: Marketer's Nightmare and Prospect's Dilemma 128
The Marketing Process 130
Developing Basic Selling Points in a Marketing Strategy Framework 132
Implementing Selling Strategies 135
Marketing Strategies and Techniques for Small Communities 137
The Sales-Marketing-Community Development Connection 146

Annotated Bibliography 163
Books and Articles 163
Periodicals 173
General Corporate References 175
Government Publications 176
Development Organizations 177

Author 180

Exhibits

1. Interstate Highway Accessibility Ranking 39
2. Example of a Facility Description 50
3. Portion of the Entry for "Ferrous Metals" from *U.S. Industrial Outlook* 60
4. *Directory of Corporate Affiliations* Entry for the Penn Central Corporation 61
5. *Value Line* Report for the Penn Central Corporation 62
6. Entries from the *Encyclopedia of Associations* 65

7. Data for Piatt County, Illinois, from *County Business Patterns* 66
8. Retail Trade Data from the *Census of Retail Trade* 70
9. Sample Data from the *Census of Population* 72
10. Subjects Covered in the *County and City Data Book* . . . 74
11. Sample Data from the *County and City Data Book* 76
12. Major Factors to Consider in Analyzing Strengths and Weaknesses and Selected Sources of Comparative Data 80
13. Strengths and Weaknesses Ratings for a "Typical" Small Community 85
14. Rating of Sample Issue Priorities for Economic Development 87
15. *Standard Industrial Classification Manual* Entry for Primary Metal Industries and Steel Wire Drawing . . 101
16. Materials Consumed by Kind, Data from the *Census of Manufactures* 104
17. Community Existing Business Survey 112
18. Sample Community Data Brochure 147
19. Sample Site Description 156
20. Sample Community Ads 158

Foreword

Aided by his extensive knowledge of economic development and a special sensitivity to the challenges of growth in rural communities, Phillip Phillips has prepared an excellent examination of a process that can lead to success in this area. Equally important, he writes in a clear and unambiguous manner about the problems that small communities face and the advantages that they can enjoy.

Dr. Phillips also presents a useful annotated bibliography of material on the subject of economic development, along with many exhibits to illustrate the development process. As he mentions in the introduction, no one book can provide all of the information needed. Nevertheless, his treatment of the subject takes much of the mystery out of this important activity. This book should prove to be an invaluable reference for local government officials, community leaders, and others involved in this field.

Charles E. Kozoll
Director
CIES Program
November, 1990

Introduction

This book is designed to provide an introductory understanding of challenges, goals, processes, and procedures for economic developers in rural areas and small towns. It is aimed at economic development volunteers in communities of under 20,000 population, communities that generally do not have full-time, paid, economic development professionals. This book is intended to serve an audience that includes local elected and appointed officials, volunteers serving in local economic development organizations, and paid professional economic developers in regional development corporations, utilities, and state development agencies who work with rural areas and small communities.

Your goals as an economic developer in a rural area or smaller town are not fundamentally different from those of an economic developer in a larger city. You seek a more prosperous, stable, local economy that will afford both a better standard of living and quality of life. The challenges you face and the resources available to you as rural and small town developers are, however, much different from those of your counterparts in larger communities and metropolitan areas.

Most smaller communities and rural areas are dependent on just a few major industries; many rely heavily on just a few individual firms to support their local economy. As a result, small town economies often lack the diversity and resiliency found in larger cities. Hard times for a single industry or a single firm can propel a small town's economy into a recession or depression even in the midst of national prosperity.

Moreover, you must often work with much more limited resources than those available to larger communities. Most importantly, small town and rural development agencies are generally operated by volunteers without any paid staff and do not have the budgets needed for lavish advertising campaigns, such as those for states and metropolitan areas often found in economic development and business magazines.

The approach to development presented here takes these limitations into account, but does not underestimate the capabilities of small town and rural area economic developers. This book recognizes that while rural areas and small towns cannot mount major traditional marketing campaigns, they can participate in more elaborate marketing programs as part of larger regional efforts or through state and public utility development campaigns. This book also recognizes that in rural areas and small towns the greatest success in economic development is most likely to come from growing companies and jobs locally rather than from wooing them from elsewhere with incentives. Yet the book does not

ignore the beneficial impacts that outside investment can have on the economy of a small community or rural area. A good deal of attention is paid to attracting outside investment both because of the interest in this topic and because understanding business attraction clearly defines those things that an area must do not only to attract but also to create, retain, and grow businesses.

You as a rural or small town economic developer have some advantages and special satisfactions that those working in larger communities do not have. The development process in large cities is often bureaucratic and indirect. In a small community you can make a clear and visible difference, and you can see the results of your activities. Moreover, the quality of life benefits to friends and neighbors coming from economic development are much more visible in a small community than in a larger city.

Economic development in small communities and rural areas must overcome many hurdles, and progress is often slow. But the results are most rewarding for those who are willing to put in the time and effort that is required to turn dreams into realities. I hope that this book will make the formidable tasks of rural and small town economic development somewhat easier for its readers.

Clearly, no single book can provide all of the information needed by a community development agency. Nor can any book published at a particular point in time keep you up to date on the many rapid changes in governmental policies and the economic and social environment that you need to know about to operate effectively. Thus an important feature of this book is an extensive annotated bibliography of additional books, articles, and government publications that you may wish to consult, as well as a list of development organizations that can provide additional information and updates on important development topics. At the end of each chapter of this handbook, references are given to books, articles, and organizations that are particularly relevant to the topics covered.

Chapter 1

Defining Economic Development

Economic development has become a panacea over the past decade. Virtually every politician makes economic development a plank in his or her election platform, whether at the local, state, or national level. As with any catch word or cliché, the term *economic development* has been overused and misused.

What Economic Development Is and Is Not

It is best to begin by dispensing with some common misunderstandings of economic development. Economic development is not purely quantitative. It is not just a measure of new jobs or of dollars of income generated. True economic development is a qualitative change that transforms the local economy to make it more diverse and more resilient rather than just larger. It is a change that produces better jobs as well as more jobs.

Likewise, good economic development policy incorporates community values—it is not "growth for growth's sake." A good local development program recognizes the character of the community. It recognizes that some types of development are not acceptable to the community because they exploit it through low wages and poor working conditions, environmental pollution, or in other ways. A good economic developer recognizes what is compatible with the community and avoids promoting excessive or unwelcome development.

Economic development is not a quick fix. Successful development programs take years in building a development team, in planning, and in implementing the tools of development, such as adequate sites and utilities. Even when a strong development team and program are in place, several years may pass before a small community experiences a highly visible success—if it ever comes. Outside companies to be lured into a community are few, while the quiet but very important work of helping local entrepreneurs grow and keeping local companies in town is rarely dramatic. Communities that seek instant gratification in economic development will be disappointed.

Finally, economic development cannot be measured as a body count. Many development agencies have created such body count goals, for example by stating that they will create 200 or 2,000 jobs a year for

the next five years. This is doubly unwise. As already indicated, economic development is more than a numerical change. Also, local development efforts will have widely varying fortunes based on the international, national, and regional economies, on the types of business already present in the area, and on good old-fashioned luck. Economic developers can influence the process—they can try to make their own luck—but they will never control it. The economic development agency that promises a regular payoff in new jobs has set an impossible goal and will sooner or later (and more likely sooner) be judged a failure.

So what is economic development? What should you seek in your development efforts? A complete development program should work toward all of the following goals:

1. *Increased economic diversity and adaptability:* In today's world of global competition, rapid technological change, and corporate upheaval, diversity is the watchword for a healthy economy. Any community or region that depends heavily on a single industry or company is a disaster waiting to happen.
2. *Less cyclical fluctuation:* Some industries, including agriculture, mining, and most types of manufacturing, are prone to chronic boom-and-bust cycles that take local economies dependent on them on a roller coaster ride. Wise communities seek to diversify into stable economic sectors, including a strong service base.
3. *Increased income levels:* Developed economies have better paying jobs, as well as more jobs. And in today's world of two-income families, more jobs are needed to meet employment demand even when an area's population is not growing.
4. *Improved quality of jobs:* The "quality of work life" has become a major issue in recent years and should be addressed in development programs. A community should consciously seek employers that provide pleasant, safe working conditions and good employee benefits.
5. *Jobs for all segments of the population:* Even in smaller communities and rural areas, the work force is becoming more diverse. Community development efforts should seek to provide jobs for persons with a variety of skills and education levels, both to retain the best and brightest in the community and to provide opportunities for those at the lower end of the socioeconomic spectrum. It is especially important that communities also seek a good balance of jobs in occupations traditionally dominated by women. For example, clerical facilities such as insurance claims processing offices are increasingly

locating in smaller communities and provide an excellent alternative to traditional service employment opportunities for women.

6. *Stronger local business and financial communities:* Many smaller communities are rapidly losing their retail and financial service base; they are becoming a residential shell with no commercial core. This is unfortunate partly because it is the local business sector that is the functional basis of the community. It is also unfortunate because it is the local business and financial community that circulates money within the local area through retail sales, provides a service employment base, and provides funds for business expansion and start-ups.

7. *Increased tax base:* The tax base of rural areas and small towns was particularly hard hit by the decline in the value of farmland throughout much of the country in the 1980s. Thus development of additional tax sources beyond agricultural and residential property tax is especially important for small towns and rural areas. An adequate tax base is important to the quality of life, for it is taxes that pay for schools, roads, parks, and other public services and facilities.

8. *Compatible, controlled growth:* A community that finds itself in a desperate economic condition is often forced to make a deal with the devil; that is, to seek undesirable facilities or to make unreasonable commitments of incentives in order to attract more employment. Communities should not automatically shun facilities such as prisons, but neither should they be forced to accept them without question in a desperate quest for development at any cost. Even more unfortunately, many smaller communities have been tempted to offer tremendous tax incentives to fly-by-night firms that are gone when the incentives run out.

9. *A foundation for a healthy economic future:* In many rural areas and small communities, virtually all of the young people leave when they graduate from high school or shortly after. The most important goal of economic development programs is to retain the next generation, because without them any gains are only temporary.

Defining Some Terms

As much as possible, this book avoids the technical jargon sometimes used in economic development. There are, however, a few basic terms that anyone involved in economic development should be familiar with. Many of them are used in this manual, others are found in many other books and articles on economic development or in the everyday

conversation of economic development professionals. Among these terms are the following:

- *Basic and nonbasic employment:* Basic jobs are those that bring new money into the economy. Traditionally these were manufacturing jobs, but increasingly they include service sector jobs in areas such as tourism and insurance. Nonbasic jobs are those that recycle money through the local economy, typically in retail trade. A balance of basic and nonbasic jobs is necessary for a healthy local economy.
- *Business retention and attraction:* Business retention is, quite simply, keeping those businesses you already have, while attraction is bringing in new businesses and the investment that they represent from outside the community. Attraction and retention are often described in economic development presentations as if they are alternatives—a community should engage either in attraction or in retention. In truth, they are two sides of the same coin. What makes a community an attractive place for outside businesses—reasonable taxes, good roads, a cooperative local government—will also help to retain existing local businesses. Attraction and retention can come into conflict when a community is willing to give outside businesses some incentives that it has not provided to existing local businesses, especially if they are competitors.
- *Comparative advantage:* A community's comparative advantage reflects its competitive advantages over other communities. This term is often overused in economic development today, and many advantages are difficult to measure. For example, rural areas and small communities rarely have a comparative advantage over their neighbors in market access. Rather, they tend to have a similar level of accessibility to major regional markets. On the other hand, quality of the local labor force is promoted by many communities as an advantage, but it is very difficult to measure.
- *Employment multiplier:* The employment multiplier is a ratio that describes the number of nonbasic jobs and the number of total jobs that each new basic job creates within a local economy. A 1:1 basic to nonbasic employment multiplier indicates that each new basic job creates one additional nonbasic job in the local service economy. This would result in a 1:2 basic to total employment multiplier because, including service jobs, there are two new jobs in the area for each basic job created.
- *Marketing and sales:* A community's marketing program is an overall approach to promoting economic development by making the community a better place in which to live and work, and it

encompasses far more than a sales program designed to promote the area's existing assets. A community's marketing effort might include programs to develop industrial sites and to improve the appearance of roads entering the community, as well as general community improvement goals such as better schools. On the other hand, a sales program would include promotional brochures and other techniques for promoting the area.

- *Retail sales leakage:* The loss of retail sales from smaller communities to nearby larger cities—and today especially to regional shopping malls—is referred to as a ***retail sales leakage.*** In many areas this leakage is the majority of retail sales dollars, which immediately flow out of the community and thus do not benefit local merchants or create sales tax dollars.

- *Strategic planning:* While strategic planning is a much overused term, a strategic approach is valuable to community economic development. In capsule form, a strategic plan assesses (1) where you are now, (2) what is going on in the world around you, (3) where you want to be, and (4) how to get from where you are to where you want to be. The specific steps of the strategic planning process are outlined in chapter 6.

- *Targeting:* Resources in economic development are limited, and each community has its own attractions and drawbacks. Targeting of development efforts is a means of getting "the most bang for the buck" (and for your time and energy) by focusing development efforts on retaining and attracting types of businesses that are likely to prosper and grow in your community. For example, most small communities are not suited to very large manufacturing facilities because they do not have a large enough labor pool. Targeting tools and techniques are described in more detail in chapter 7.

Sources of Information

Readers seeking more information on the general nature and practice of economic development may consult the following references provided in the bibliography of this book: American Economic Development Council, *Economic Development Today, A Report to the Profession;* Howard D. Bessire, *A Handbook for the Eighties;* Robert H. Evans, *The Practical Approach to Industrial Development;* and Kenneth C. Wagner, *Economic Development Manual.*

Development organizations of special interest to those seeking a general understanding of the field are the American Economic Devel-

opment Council and the Council for Urban Economic Development (which has an interest in small towns and rural areas as well as larger communities). Addresses and telephone numbers for these organizations are provided in the Annotated Bibliography.

Additional discussion of terminology and analytical techniques used in economic development may be found in David M. Smith, *Industrial Location: An Economic Geographical Analysis;* in Hustedde, Shaffer, and Pulver, *Community Economic Analysis;* and in Michael J. Webber, *Industrial Location.*

Chapter 2

Factors Influencing Economic Development Prospects

It is said that no man is an island; neither is any community. The fate of your community is heavily dependent on trends and changes from outside the local area. No rural community can ignore the impact of world demand and federal policy on its agricultural and manufacturing products. Likewise, a community must understand the challenges and opportunities that international and technological innovation will have in creating opportunities and threats for established local businesses. Thus a prerequisite for an economic development program is to conduct a "horizon scan" to determine which major economic, social, and demographic trends in the larger region, the nation, and the world will have strong impacts on the community's development. (The role of a horizon scan in preparing an economic development strategy is discussed in more detail in chapter 6.)

An understanding of general trends is necessary to develop realistic local development programs and to implement them efficiently. The review of major trends influencing small community and rural development presented here is intended to be only a starting point to indicate topics that should be considered in creating your own local economic development program. Moreover, your review of the development environment should be reviewed at regular intervals—perhaps every year or two years—to determine if any major changes in the outside environment will affect your community's development efforts.

Provided below is a brief description of some of the major economic, social, and demographic trends that will surely influence your community's development prospects. Most of these trends have been the subject of a great deal of attention, interpretation, and misinterpretation in the popular press, so I have provided some of my own observations of their significance and meaning to small communities and rural areas.

Globalization of the Economy

Not only are American corporations facing increasing foreign competition, so also are our communities. When a foreign corporation wins the battle for market share in an industry—whether computers, spark plugs,

or tractors—it is often at the expense of an American community that was dependent upon that industry. Moreover, corporations are also globalizing, so that even when an "American" company maintains its competitive edge in an industry, it is often only by moving much of its component production and assembly to low-cost foreign production locations.

Trade Deficits

The balance of trade between the United States and the rest of the world was positive as recently as 1977, but it has been more than $100 billion on the negative side for several years. This overall pattern masks tremendous differences within specific economic sectors. The United States today has an enormous negative trade balance for petroleum products, a rapidly growing negative balance in automobiles and electronics, and a trade surplus in food products, lumber, and aircraft. The impact of the trade deficit for a particular community reflects much more the export and import balance for its basic industries than it reflects the widely published overall balance of trade. A community must understand the current and probable future international trade balance for its specific basic industries as a basis for planning a reasonable development program.

Slower Population and Labor Force Growth

For the United States, the baby boom is long since over. Indeed, except for immigration, the United States now has a negative, long-term rate of population change. In the decade of the 1990s the "baby bust" years of the late 1960s and 1970s will be reflected in rapidly declining numbers of new entrants into the labor force. Already the emphasis in government and business is shifting from the goal of finding jobs for the baby boom generation of the 1950s to finding enough qualified workers. For rural communities and small towns, this means that the upcoming generation will be their most important development asset—if the young people are well trained and have good work habits, and if they can be kept in the local community.

Increased Labor Force Participation by Women

In the decades of the 1970s and 1980s, the two-income household became the norm rather than the exception. More and more women are also heads of households. The majority of all women are in the labor force, including nearly 80 percent between the ages of 25 and 34. Rural areas and small towns typically have had few high quality, high paying,

stable jobs for women. As a result, economic developers in rural and small town America face a particular challenge in this area.

Growth of High-Tech Industries and Knowledge-Based Economy

Increasingly, our economy specializes in the manipulation and transfer of information rather than in physical goods, and even traditional industries such as textiles and automotive components rely on sophisticated product engineering and computer-controlled production processes. Many small communities and rural areas hurried into the battle for high-tech industries in the early 1980s, but most have quit the fray, realizing that they are poorly equipped to compete in this arena. Even in retaining traditional industries, however, small communities and rural areas must work with their state government programs and regional universities and colleges to make technological information available to local businesses.

Worldwide Overproduction of Commodities and Manufactured Goods

In the mid-1980s, management scientist Peter Drucker sounded a warning: The coming economic crisis is one of overproduction, not of scarcity. The world's ability to produce increasing amounts of mineral products, agricultural commodities, and many manufactured goods ranging from steel to automobiles to electronics far exceeds growth in consumption. As a result, many industries are facing cutthroat competition and intense downward pressure on wages. This crisis of overabundance will hit small towns and rural areas especially hard, because their economies are especially dependent on goods production rather than on services and knowledge-based industries.

The Changing Nature of the "Basic" Economy

Economic base theory indicates how certain industries and firms play an especially important role in the economy because they export goods and services from the area, in return for which they bring money into the local economy (chapter 1). Traditionally these have been referred to as basic industries, with the understanding that they were smokestack, or goods-producing industries, as well as agriculture and mining. Today, rural areas and small communities must recognize that some kinds of businesses that are traditionally referred to as service establishments are in fact basic sectors of the economy. For example, "service" businesses, such as

hotels and restaurants, that cater to tourists can be an important means of bringing money into the local economy.

Corporate and Economic Instability

Today we live in an era of unparalleled changes in technology that create whole new industries within a matter of years, while making old industries obsolete. Moreover, there is great turmoil within corporations through acquisitions, leveraged buy-outs, and the purchase and sale of corporate divisions. This translates to instability—and often tragedy—at the level of individual corporate facilities. A technological innovation or a foreign acquisition can lead to closing a plant and eliminating the jobs in it. This creates a tremendous risk for small communities and rural areas that depend on just a few industries and firms for much of their basic employment.

Increased Competition and Cooperation in Seeking Jobs

Two seemingly contradictory trends coexist in economic development today. On the one hand, more and more organizations seek development with ever more sophisticated and expensive promotional programs. On the other hand, smaller communities and rural areas are increasingly banding together to conduct regional development efforts. The explanation is that the escalating cost of development promotional efforts has forced smaller communities to join together or be swept aside by the competition.

Development agencies in smaller communities and rural areas must recognize, however, that regional efforts are not a cure-all. The neighboring communities that you work with in these efforts are often also your prime competitors for specific projects, so cooperative arrangements must be carefully crafted to succeed.

The Battle of Business Incentives and Business Climate

Almost any experienced development official will say that the incentive game has gotten out of hand. But no one seems to know how to stop the merry-go-round because, if just one state or community stops giving incentives, it will be at a great disadvantage. The measurements of these incentives and other elements of the business climate have become a

virtual industry, with groups ranging from the accounting firm of Grant-Thornton, to *Inc.* magazine, to the Corporation for Enterprise Development, each issuing wildly differing rankings of "state business climate."

What all of these rankings seem to show is that (1) different factors are important to different businesses, (2) no one really knows what a good business climate is, or (3) both 1 and 2. Whatever the case, small communities and rural areas should not become overly concerned with the parlor game of rating business climates, nor should they be overly concerned with the shell game of general business incentives.

The Growing Importance of Private-Public Sector Partnerships

Economic development is a complex undertaking requiring many resources and talents. Especially in smaller communities and rural areas, which have limited resources to work with, the public and private sectors must work together to promote the region. There is plenty of work to go around, as well as some natural division of labor. For example, private sector groups often excel at marketing, while public bodies must be involved in other ways, from the provision of infrastructure facilities to zoning.

Conclusion

Smaller communities and rural areas generally share many common characteristics that influence their development programs. Most have stable or declining population numbers. Moreover, they have high outmigration of young people after high school graduation and, as a result, a rapidly aging population. Most have faced declining farmland values and, as a result, declining property tax revenue. Provision of essential services—education, roads, and sewers, to name a few—has become more difficult. Perhaps the most pernicious change has been the loss of small town retail and medical service functions. This not only drains money from the local economy, but has also begun to rob many rural areas and small towns of their sense of community.

The trends discussed here certainly present a formidable array of challenges on the horizon for the small town or rural developer. Perhaps there is some comfort in knowing that other communities face the same problems; certainly communities should look carefully to their neighbors and not hesitate to imitate strategies that have brought them success. Thus another important element of the development process is to

systematically assess what neighboring communities have done and adopt their most successful strategies for your own community. This will be discussed in more detail in chapter 6.

Remember, however, that pure imitation is not likely to succeed. You must adapt other communities' strategies to the needs, strengths, and weaknesses of your own community rather than slavishly copying what another community has done.

Sources of Information

Sources of information on trends and factors influencing economic development prospects include *Economic Development Today* and *Readings in Economic Development* (volumes I and II), published by the American Economic Development Council; Conway and Liston, *Facilities Planning Technology;* the National Academy of Engineering, *The Technological Dimensions of International Competitiveness;* the National Governors' Association, *Jobs, Growth & Competitiveness;* Glen C. Pulver, *Community Economic Development Strategies;* and University of Wisconsin Division of Cooperative Education, *Revitalizing Rural America*.

Chapter 3

Establishing a Successful Economic Development Program

No magic formula will guarantee success in economic development. Every community is unique in terms of its assets, liabilities, and opportunities. Even more importantly, every community differs in its history and governmental structure and has its own set of community leaders, with their own personal strengths and weaknesses and habits of interaction.

Common Denominators of Success

Common denominators are, however, found among successful development organizations. These are common approaches not in terms of budget, marketing plan, or exact organizational structure, but rather in how they operate. In my own work with communities, I have found ten such common denominators of success for development organizations.

A Single Coordinating Organization

Each word in the heading above has meaning. A community should have one organization that has overall responsibility for coordinating development efforts. This does not mean that the single organization will do everything, though it will certainly have some key tasks. Rather, it indicates that similar to a football team, a development program needs an organization to serve as a quarterback calling the plays.

Formal organization is also important. The umbrella organization for economic development is today most commonly a not-for-profit corporation with a title such as the "Greater Blankville Economic Development Corporation" or the "Blank County Economic Development Corporation." Whatever the format, the organization is formally incorporated, with a charter, bylaws, and officers. Typically it is a private-public partnership with representatives of both government and business on its board.

All development-related organizations in the community should be involved in this lead or umbrella organization and should look to it for coordination and leadership. Eliminating turf battles between different groups—for example, municipal government, county government, and

the chamber of commerce—is one of the most important and difficult tasks facing an economic development organization.

Long Term Goals

Economic development is not a quick fix, and economic development organizations are unlikely to mount an immediately successful effort in response to a crisis. Successful development organizations are in for the long haul. They have annual plans and five-year plans. But there is a clear understanding that the commitment is *forever*, that economic development will never be "done." Many development programs, including especially community infrastructure improvements, take a long time to implement. Others, including marketing and retention efforts, take a long time to bear fruit.

A Realistic Program

Optimism is a prerequisite for becoming involved in economic development, but too much optimism only sets a community up for a fall. Many development organizations have established goals for how many jobs they will create each year for the next five years. They fail to recognize that they do not control but rather only influence the job creation process.

Outside factors—the economy, the decisions of private businesses and luck—will determine success, and all of these factors will certainly not operate in your favor for one year much less for several years. You must also recognize, unfortunately, that your community is not paradise: local businesses may choose to leave, and outside companies will look at your community and choose to go elsewhere. Be sure to avoid recriminations and attempts to place blame for losing a prospect that you never had.

Successful development organizations also learn to prioritize. Your money and time resources are limited, and it is impossible to do everything that you want to do and indeed should do. You must put a price tag on those things you want to do, realistically assess your money and manpower resources, and select program goals that fit within your resources. Otherwise, your development program is likely to bog down in half-completed efforts and plans that were never implemented. Moreover, volunteers will soon burn out and drop by the wayside.

Broad Community Involvement

Whatever the particular title and organizational structure of a development organization, it must have broadly based community involvement if it is to be successful in the long run. A self-appointed, "elite" group

often has difficulty obtaining community support for its programs. Moreover, a small group often is unable to remain innovative and fails to change with the times. In one community where I worked as a consultant, a former "elite" development foundation had more than $200,000 in the bank from sale of industrial sites twenty years before. The community could not use this money, however, because all of the members of this group had—quite literally—died and the funds were tied up in a legal limbo.

A conscious effort should be made to include a wide range of membership on the board of directors of your economic development corporation. For example, the board of directors of the greater Urbana-Champaign [Illinois] Economic Development Corporation includes the presidents of the two local chambers of commerce, the mayors of the two communities, and representatives from local utilities, education, organized labor, and the minority community. A board for an economic development corporation should also strive to include younger as well as older members and women as well as men.

Several additional devices can be used to broaden participation within a development corporation. Most important among these are:

- Creation of committees to deal with various areas; for example, sites, transportation, labor, marketing, and retention.
- Conducting surveys of existing business and employers to determine problems and attitudes. This is especially appropriate in retention efforts.
- Publicity to let people in the community know what the corporation is doing. This would include public meetings, newspaper stories, fact sheets, brochures, and annual reports.

Effective Use of Manpower and Money Resources

Money and manpower are in short supply in any endeavor. This is true of economic development, but resources are especially limited in a rural or small town development group that does not operate from a large population base and relies on volunteers. Careful strategic planning and coordination among organizations is important for the wise use of resources.

Balance Between Continuity and Change

Development organizations must walk a fine line between excessive stability (discussed above) and the revolving door of cyclical ups and downs and burnout. Too much stability produces fossilization or hardening of the arteries, while too much change can lead a community to

attempt to reinvent the wheel every three years as new development organizations and leaders arise.

Typically, members of the board of directors of an economic development organization should serve for terms of about three years. In my experience, in an organization with one-year terms, members of the board are coming and going so rapidly that they barely learn what the organization is doing before their term ends. As a result, they are always at the bottom of the learning curve. On the other hand, board members should rotate after one or two terms to give new blood a shot at participation and leadership.

Established Incentive Programs

Incentives are one of the most troublesome and potentially divisive aspects of economic development. Older firms that have long operated in a community are often dismayed (to say the least!) to see a new and unproven company get tax or other incentives that they do not receive, especially if the new firm is a competitor. Thus it is well worth taking time in advance to decide what types of incentives your community will offer and under what circumstances. Ask yourself and consider carefully:

- Will you offer incentives to a new company that competes with an existing company in the community?
- To what types of businesses will you offer incentives? To all firms that generate jobs? To industrial employers only?
- What types of penalties or enforcement provisions will you have if a company does not live up to its end of the bargain in terms of jobs created or investment?
- What programs will you offer? Enterprise zones? Tax increment financing? Reduced cost sites? Utility extensions at reduced or no cost? Sales tax rebates?

Consideration of these questions in advance will allow you to explain incentive policies in a meaningful way to prospects. Prior evaluation can also help to avoid charges of favoritism and unseemly and time-consuming battles over incentives in the presence of a development prospect.

Suitable Sites

They don't call it site selection for nothing, and your community, no matter how attractive, is far less likely to attract new firms or retain existing firms if it cannot provide high quality available sites. Virtually every company is in a hurry—or at least thinks it's in a hurry— when site

seeking. Moreover, no firm wants any additional uncertainties of site availability or quality to add to its other site selection woes. Other things being roughly equal, a firm will locate or expand every time in the community with the best physical site.

A cornfield on the edge of town is not a site. To be viable, a site should have the following features:

- Proper zoning and compatible neighbors. Stories of problems in getting the proper zoning and objections from neighbors are legion among site selectors. Even though these problems are much less common in smaller cities and rural areas than in metropolitan areas, most outside companies will be coming from a larger city and will judge you by their experience.
- Utilities available to the site, or at the very least engineering work and cost estimates completed for such extension. Even the remote possibility of million-dollar sewer extension costs and two-year delays to get utility easements will cause the site selector to make the safe choice of a site with utilities over a site without them. If your community's site is the one without utilities, you are out of luck!
- Road access should be available and of high quality.
- Legal aspects of the site, including title and easements, should be established and the development agency should be able to deliver the site. In my work in site selection, I found that many sites had title flaws or easements and were therefore useless because my client could not buy or make reasonable use of them.
- A willing seller and an established sale price. Most sites shown by most communities do not meet these criteria. For example, in one community in Missouri I was shown two "prime" sites. The owner of one had already obtained commercial zoning, and the price of the site was far out of reach of my industrial client. The other site was owned by a farmer who believed that "good corn land should stay in corn" and refused to even consider selling the parcel. A small community development organization should have ownership or at least a firm option and firm sale price on any site that is being actively marketed.
- Physical condition of the site, including soil-bearing capacity and potential for flooding, should be established. I have been shown sites located on designated floodplains. It would be impossible for anyone to legally build a permanent structure on such a site—so why show it?

This discussion of sites has been relatively lengthy because they are so important to the economic development process, whether for industrial or commercial development or for attracting a new company or holding onto or expanding an existing company. The moral is simple: Don't try to sell what you can't deliver.

Information and Informed Leadership

Information is the lifeblood of economic development and is the most important thing that your community can provide to help attract or retain a business. The range of information that you may need is described in more detail in chapters 5 and 6. In addition to having good printed data, successful communities have well-informed political and private sector leaders who are willing and able to answer questions or to find the answers quickly.

Confidentiality

Both retention and attraction programs require confidentiality to be successful. Local companies considering expansion generally do not want to reveal their plans prematurely. Outside companies are notoriously concerned with confidentiality. Indeed, one of the major reasons that companies use outside site selection consultants is to preserve their anonymity. Often, even community leaders who are dealing with a company will not know its identity during the early stages of the site selection process. Guessing the identity of an unknown prospect is the favorite parlor game of economic developers.

Outside companies have various reasons for not wanting their identity known. They may want to prevent rumors from developing in their present locations; they may also not want competitors to gain this information. Whatever the reason, a firm's desire for anonymity should be honored at all cost, because the consequence of revealing its identity is often the "death penalty." For example, an economic development director in a small Georgia community recently revealed in a newspaper interview that the community was one of three finalists for a major facility of a multinational corporation. The result was swift and direct—the next day there were only two communities under consideration for the facility.

An especially difficult area to deal with in terms of confidentiality is what to do about newspapers and other media. When should a story be published? Some newspaper editors are willing to hold back on a story until negotiations with a prospect are complete. Others believe that they are honor bound to report any news as soon as possible. My own opinion is that newspapers (which most often cause disclosure problems),

and radio and television as well should report news, not make it. If a story could cause a company to change its decision and thus cost the community an investment, the media should wait. It is better to carry a story about a facility locating in the community than causing the facility to go elsewhere.

Steps in Getting Started

One of the most commonly asked questions in economic development in a smaller community or rural area is: How do we get started? Often no economic development organization exists yet, but only a small nucleus of people who believe that something needs to be done to help ensure the future prosperity—indeed the very survival—of their community. Very little can be accomplished without an organized effort, so the logical first step is for this nucleus of concerned citizens to begin to create a formal development organization.

Define the Area to Be Served

The first question that a group interested in economic development should ask is: What is our community? That is, what is the geographic scope of our development efforts? This may not be as easy to answer as it would seem at first. Will your organization serve a single community, the entire county, or some larger region? Many good arguments may be made for a regional effort, including the regional impact of new job creation and the greater financial and manpower resources that a regional group may have. On the other hand, elected city officials may be concerned primarily with improvement of their jurisdiction's tax base. They will be much less enthusiastic about promoting growth if it is not within the city's or village's corporate limits. There is no single correct answer; successful development programs exist for particular cities, for counties, and for larger multicounty regions. What is important is that there be consensus within the group as to the geographic scope of the area to be served.

Encourage a Wide Range of Participants

A second major question for a new (or continuing) development group is: Who should be members of the group? As suggested above, a broadly based group is much more likely to be successful and to endure. Thus another item high on the agenda of a new (or an established) development group is to include as many individuals and interests as possible. Who might be included? In no particular order, some likely members are representatives of the following groups:

- The local chamber of commerce and the business community
- City, village, township, and county government
- The school district
- Banking
- Real estate sales and development
- Organized labor
- Special governmental districts—drainage, parks, and so forth
- Local two- and four-year colleges
- Agriculture
- Women
- Minority groups
- Downtown merchants
- Outside development allies, including representatives of local utilities, the state department of commerce, and other groups having an interest in the growth of your area

Some people will want to participate even though they do not fit into a readily defined group and will derive no special benefit from increased economic development. Recognize as well that some people, such as bankers and developers, will have some clear personal benefit. It is important to avoid favoritism, or even the appearance of favoritism, toward particular individuals or businesses in community development efforts.

Of course it is never possible to satisfy everyone. Madisonville, Kentucky, has a sign at the entrance to town that says, "Home of 10,000 happy people and a few soreheads." In economic development, the soreheads are people who are not wiling to devote any of their time and effort to the process and then complain that the results are not what *they* wanted, ask why *they* were not consulted, and complain that the group gave preference to someone else.

Establish a Formal Organization

Once you have defined what area you are working for and have brought in a wide range of participants, the time has come to develop a formal organization. Some members of the group may resist this, but my experience indicates that a stable, long-term organization must have a formal structure. This structure has several key components:

- *Elected officers* who generally include at least a president, a vice president, a secretary, and a treasurer. Terms of the officers should

probably be no less than two nor more than three years. This allows time for officers to get to know their jobs while ensuring that leadership will rotate in order to bring in new blood.

- *Formal bylaws* defining the purpose of the organization, officers, dues (if any), meeting times, qualifications for membership, quorum, and other basic aspects of organizational structure.
- *Standing committees* to deal with topics of continuing interest, such as retention, marketing, and sites. Use of committees is an excellent way to involve a wide range of people and to develop future leadership.
- *A budget* that includes both expenses and sources of revenue. Even if your organization does not have a paid staff, it will need a budget for supplies, travel, memberships, training, and marketing materials. There is no such thing as a free lunch or a free economic development program. Knowing how much money will be required, where it will go to—and come from—is important. You will of course want to keep expenses in line by using volunteers when possible and by getting in-kind contributions such as having a local copy shop print site brochures at cost or, better yet, for free as a public service.

Additional aspects of developing a specific work program and budget are discussed in more detail in chapter 6.

Sources of Information

Additional information on procedures for getting organized is found in the American Economic Development Council and The Fantus Company, *Guidelines for Establishing an Economic Development Organization;* Howard D. Bessire, *A Handbook for the Eighties;* Matt Kane and Peggy Sand, *Economic Development: What Works at the Local Level;* and Kenneth C. Wagner, *Economic Development Manual.*

Chapter 4
Common Problems Facing Economic Development Programs

Every area is unique and has its own particular mix of assets and problems. Yet my experience in helping dozens of communities to meet their economic development needs also indicates that most share a surprising number of problems. Summarized below and illustrated with examples from my experience are the most important of these common dilemmas that communities face.

Complacency

The most general and serious problem that small communities and rural areas face in economic development is complacency. Most of us tend to believe that our home communities are good places in which to live, work, and raise a family. In every community I have ever visited, quality of life has been viewed as one of the area's strongest assets. Frequently, community leaders will add, "If anyone would just come and stay here for a week, they would be sold on this town—in fact we wouldn't be able to chase them out with dynamite." Unfortunately, even if this were true, outsiders will receive lasting impressions of your community in just a few minutes or a few hours. Likewise, local businessmen will clearly recognize those community shortcomings that influence their operating costs and conditions, even though they may be avid community boosters.

Complacency is often magnified by some other common human traits. We generally tend not to see flaws that we have become accustomed to in our own local environment, to overlook the overgrown vacant lot near the edge of town, the boarded-up stores on Main Street, and perhaps some unsightly signs and buildings along the highway leading into town. Strangers do notice these things. In site selection, neatness does count!

Complacency may also arise from the fact that at any given time the vast majority of people in your area do have jobs. This leads many people to conclude, "If it ain't broke, don't fix it." In today's world of rapidly changing technology, corporate takeovers and international competition, a community cannot just sit back and let fortune rule its fate even if things

are going well today. You must prepare for the challenges that will come in the next few years.

Community leaders in many cities and small towns in the Midwest will admit that they were "fat, dumb, and happy" during the boom years of the late 1970s and were totally unprepared to cope with the challenges of the early 1980s. All communities should learn from this experience and prepare for the economic challenges that will surely face us in the 1990s.

Poor Working Relationships Among Development Groups

Lack of trust and lack of communication are other universal problems that plague all communities in their development efforts. Mistrust and poor communications often begin at a fundamental level. The private sector does not trust government. Government does not trust the private sector. Local citizens may trust neither government nor business. And so on. These general problems are reflected and magnified in development efforts. Economic development is by nature a cooperative effort involving various levels of government (state, county, city), the private sector (real estate developers and businesspersons), and utilities.

Incredible as it may seem, I once worked with a small community in Tennessee whose local governmental officials assured me that the town's wealthiest citizen and largest developer was "certifiably insane and should be committed to a mental institution." For his part, the developer assured me that city government was comprised only of "incompetents and thieves." The only virtue I could see here was that, if the city officials were incompetent as well as dishonest, they at least weren't stealing much! More seriously, one can hardly picture either a local business or an outside firm wanting to get involved in a mess like that.

If these groups do not work closely together in common development programs and communicate regularly with each other, a community's development efforts are virtually doomed to failure. Yet I have seen situations where economic development corporations were comprised entirely of private sector members ("no governments allowed") or of public agency, planning-oriented development agencies with no input from the private sector. The results are predictable. Development agencies get into turf battles as several agencies bicker over who should perform a specific function, generally the "sexier" activities such as entertaining prospects. Meanwhile, there is no overall development plan, leaving large gaps in the community's development efforts. And no

one wants to do the dull, time-consuming but absolutely necessary work, such as gathering data or conducting a retention survey.

A successful economic development effort is a public-private partnership that brings together all of the different sectors in the community under the leadership of a single development corporation that can "quarterback" the entire effort. The development organization must also be broadly based. It is not possible for an elite group to handle all of a community's development efforts. If they try, the result is usually burnout among the group members and distrust from the community. There is plenty of work to go around to keep government, private developers, utilities, and volunteers from the general public busy.

Poor Image and Attitudes

Poor local self-image and defeatist attitudes are some of the most frustrating problems many communities face. Many people love to play the game that Eric Berne described as "Ain't It Awful" in his book *Games People Play*. In almost any community there is a popular litany of problems. Some of them are common to many communities. For example, in many small communities, the common complaint ("ain't it awful") is the lack of a "sit down" restaurant. Several have been started, all have failed. Other complaints are a bit more unusual. In several small towns in Wyoming, the major complaint is how windy the area is: "People won't come here because it's too windy."

How people can be both complacent and defeatist at the same time is hard to explain—but it happens. The problem with local complaints is that frequently they reflect something that is not truly very important to economic development or something that no one can change. I have never known of a business or an individual who based the decision to locate somewhere or to relocate out of a community on whether the community had a "sit down" restaurant, nor do I know of anyone who can control the wind!

Recognizing and correcting local flaws can help local development efforts, but it is also important to recognize which problems are important and which are trivial, which you control (for example sites), which someone else may control (for example highway access), and which no one can control (the weather). Local residents must learn to focus on what is important, to seek outside help when it is useful and to change what they can, in other words to develop an action-oriented, goal-directed approach. If the problem is trivial or if you can't do anything about it, there is no use in discussing it endlessly.

Communities must also avoid dwelling on past problems and trying to place blame for the mistakes that brought them about. In one community, I was regaled by stories of how municipal officials had made it difficult for a local not-for-profit development corporation to get a road and sewer extension to an industrial site it was developing. The problem sounded serious until I discovered that it had happened thirty years before, that the corporation involved had long since dissolved, and that the municipal officials in office at that time were all dead.

Limited Vision

Very few of us are granted the mixed blessing of being big-picture thinkers or of visualizing our community as being very different from what it is today. While smaller communities and rural development agencies must avoid pie-in-the-sky thinking, they also should not be too timid.

It is important to look around and see what other towns in your area have done that is successful. Perhaps they have created an industrial park, or established an annual festival that attracts thousands of visitors, or revitalized Main Street. You must also be willing to reconsider old ideas. A suggestion should never be buried with the eight fatal words, "We tried that before and it didn't work." Did it fail because it was a bad idea? Or because it was poorly executed? Have times changed? Just because something did not work in 1955 doesn't necessarily mean that it won't work today.

A friend of mine says, "Imitation is the sincerest form of flattery"—so don't be bashful about flattering your neighbors. Recognize, however, that you do not have to do something just because they did. Also recognize that their accomplishments took a great deal of effort. Even such a seemingly simple program as getting downtown merchants to stay open on the same night of the week can turn out to be a tremendous effort.

Lack of Outside Investment

Huge sums of money are being invested in new industrial, commercial, and residential development every day. Unfortunately for most communities, the bulk of this money flows to just a few "hot" areas, almost all of which are in metropolitan centers. Even more than retaining and creating jobs, the goal of economic development programs is to retain and create investment. After all, it is the dollars that create the jobs. Yet many small communities have small, conservative financial institutions.

Their lending limits are low, and small town bankers are notoriously risk-averse and unwilling to put money into new and unfamiliar types of businesses. Increasingly, small (and even large) communities are served by branches of outside banks that often do a good job of collecting local savings, but choose to invest the money for higher returns elsewhere.

A word of warning about outside investment must be given, however. If investment does come into the community, it tends to raise difficult questions for local economic developers and local government. Many communities have had the opportunity to attract a national franchise such as Wal-Mart or McDonald's. Many new jobs—often well over a hundred when part-time employees are counted—will be created and new sales tax revenue will be generated. Popular chain retailers can also slow the drift of retail trade to larger cities.

But all of these benefits come at a cost. The big, well-financed chain retailer's success may be the final nail in the coffin of small, home-owned businesses that have been struggling. Should your community extend utilities to the site for a new McDonald's? Should you give incentives for a new Wal-Mart? Are the many new jobs created by the franchise more important than keeping locally owned businesses in operation? There is no single right answer to these questions, but you will have to come up with answers if a franchise considers locating in your community.

Limited Commitment to Economic Development

Economic development is increasingly a broad process that encompasses many elements of general community development. You must not only sell your product—which is your community—you must also improve it. Likewise, economic development is not a quick fix. Many communities become interested in economic development during a recession period and lose interest when the national and local economies begin to grow again. Yet little success can come during a recession or a local crisis. Efforts during these times must be directed toward laying the base for sound, long-term development. To be successful, your community must recognize that it needs to have a permanent commitment to economic development and that development programs will take a great deal of effort, often with little immediate gain.

Poorly Developed Policies on Incentives

The granting of incentives to new and expanding businesses has become a regular part of the economic development process. Incentives can

attract businesses that would otherwise have gone elsewhere and can make projects possible that would not otherwise have been done.

Incentives can also be an expensive and an unfair giveaway. How much can you give in tax incentives through a TIF district before a new development is actually costing more than it generates in tax revenue? How can you decide who should receive incentives and who should not? What do you say to long-established businesses that complain that they have been generating jobs and taxes for decades and wonder why a new business should get incentives? How can you prevent "kiss and run" businesses from taking incentives and then leaving the community a few years later?

These are all questions that you must face in today's development climate. The best advice is to carefully define in advance why the community is offering incentives and when they will be offered. This can at least minimize the questions of favoritism and allow the issues to be discussed thoroughly, which will not be possible in dealing with a specific incentive request. Also, it is wise to be wary of new or expanding firms that first ask the question, "What incentives will you give us?" The firm should be interested in your community primarily on its basic merits, not for its incentives. If a locally sponsored project makes no sense unless it is heavily subsidized, or if your community makes no sense as a location for an outside investment unless there are large financial incentives, offering them is just asking for trouble.

Finding Volunteer Time

In today's pressure-cooker world, it is difficult for most of us to find time for volunteer jobs. Yet economic development efforts in small communities and rural areas typically have no paid staff and are based entirely on volunteer efforts.

Those who are busiest, including especially successful businesspeople, are those whose input is most valuable to an economic development program. Fortunately, those who are busiest are most often willing to take on new responsibilities. It is important to make a real effort to get and keep businesspeople involved, especially those from the industrial sector. I have worked with many small towns that are attempting to attract or retain industry, yet have no representatives of existing industry on the board of their economic development corporation.

The basic rule for attracting volunteers is to set a limited objective for any particular volunteer's effort. This also allows you to get more people involved, make the process more communitywide, and avoid burnout. For example, ask an individual volunteer to become an expert on one

area of development, perhaps available sites or electric supply. Then you can call on him or her for that limited area of expertise. Or you can assign a project of short duration; for example, responsibility for getting a community information data sheet printed.

Conclusion

Some of the problems your community faces—complacency, poor self-image, lack of vision, limited local investment, limited understanding of the development process, what level of incentives to grant, and finding volunteer time—are universal among small town development agencies. No community is likely to ever solve them, but recognizing that you are not alone in having these problems and considering the insights and suggestions provided here will be helpful.

Sources of Information

For further discussion of many of these common problems, see American Economic Development Council, *Readings in Economic Development* (volumes I and II); Kenneth C. Wagner, *Economic Development Manual;* Wisconsin Economic Development Association, *Wisconsin Community Preparedness Manual;* and the *Economic Development Review*. Organizations of particular assistance are the American Economic Development Council, the Council for Urban Economic Development, and the Economic Development Institute.

Chapter 5
The Site Selection Process

A primary goal of economic development programs is to influence corporate site selection. Influencing the site selection decision is vital to attracting new investment and employment from outside the community and is just as important to creating new businesses and retaining existing businesses. How and why businesses choose where to locate is without doubt the most frequently discussed topic in economic development; it is also one of the most misunderstood. This chapter will review some of the basics:

- What types of site selection decisions do businesses make?
- What factors control these decisions?
- What steps does a business go through in selecting a site?
- At what points and how can your community influence the site selection decision?
- How can you best have a positive influence on your community's chances in a site selection decision?

An understanding of these topics is a prerequisite to knowing what your community's true strengths and weaknesses for economic development are and for designing an action program to improve your development prospects. Failure to understand the site selection process leads a community to spend a great deal of time and money doing things that will not materially improve its prospects for attracting and retaining businesses while ignoring other important action areas. Failure to understand the site selection process can also lead to needless bickering and recrimination over opportunities that were lost through no fault of community development organizations. Finally, an understanding of what factors are important in business site selection and what makes a community an attractive location is as important for retaining and creating businesses as it is for attracting outside business development.

Types of Site Selection Decisions

Start-up

All companies face at least one site selection decision during their corporate history: Where should the business be established? This is true of retail businesses, manufacturers, wholesalers, high-tech business,

low-tech businesses—all businesses. Because the start-up decision is made by all businesses and because it influences so many decisions that follow, this is undoubtedly the most important of all site selection decisions.

The start-up decision is often ignored by economic developers. Generally entrepreneurs choose to start a new business in their home town, wherever that may be. Just think of the difference it would have made if Henry Ford had been from St. Louis rather than from Detroit! One important job of community economic development organizations is to help new business start-ups by making it easier for them to find financing, space, and all of the other things a new business needs.

Expansion

The second most common site selection decision is expansion—all growing companies must make this decision sooner or later. Expanding on-site at a business's current location is always easiest, yet it may not always be possible or desirable. Some businesses cannot expand because of the physical limitations of their current building or site—there is simply nowhere to grow. Other businesses may locate expansion elsewhere for a variety of reasons. For example, they may want to be nearer their customers. After all, McDonald's didn't sell 70 billion hamburgers from one store.

Businesses often expand at new locations because of the strong "pull" of operating advantages, such as lower wages, lower utility costs, or tax incentives. Unfortunately, some businesses choose to expand in new locations because of the "push" of operating difficulties in their current location. Moreover, as many midwestern and northeastern communities discovered, expansion by local manufacturing companies in Sunbelt and foreign locations with better operating conditions and costs was only the first part of a two-step process. Expansion at a new location was followed by contraction—and perhaps complete closure of facilities in old locations. Bit by bit they lost companies that had been the mainstay of the community. In business retention you must make certain that your community does not "push" any local business to locate elsewhere because of avoidable cost or operating difficulties.

Relocation

A one-time, complete relocation of a business, simply pulling up stakes in community A and moving to community B, is rare. Yet this aspect of site selection receives a great deal of attention, partly because it is dramatic compared with the establishment of a small new firm. There were no newspaper headlines when General Motors, IBM, or almost any

other company was founded, despite their future importance. A relocation also gets a great deal of attention because it tends to put the issues of economic development—operating costs, operating conditions, business climate, and incentives—into clear perspective.

The nature of a site selection decision also varies with the type of company. Franchise restaurants make these decisions on a continuous basis; new locations are how they grow. Public utilities, on the other hand, are assigned their service territory by government regulation and so cannot relocate.

Major multinational corporations make site selection decisions within the context of an ever-changing "portfolio" of products and locations. A branch plant for such a company is part of a much larger strategy involving many different products, functions, and locations. For most manufacturing companies which are small or mid-sized, the site selection decision is a rare and traumatic occurrence.

Control Factors in Site Selection

While many factors influence site selection, only a few are strong enough to really control the location process. A first and overriding control factor is familiarity and knowledge. For any company, a site is chosen from among those locations it is familiar with. This is why most new companies are started in the founder's home town—this is the location he or she knows best. The goal of economic development marketing to outside companies is, above all else, to make them aware that your community exists so that it can become a possible candidate location.

Cost Factors

Cost factors are generally the starting place in a site search, and for good reason. A business cannot succeed if it does not make a reasonable profit. Once profitability is assured, a business may consider quality of life and other operating conditions.

Markets and Raw Material Sources

Market proximity is a major location factor for most firms. A few companies are termed "footloose" because their product does not involve major transportation costs for bringing in raw materials and shipping out the finished product. But even theoretically footloose companies—computer manufacturers are a good example—have many reasons to be near and easily accessible to their customers so that they can understand and respond to their needs. For retail, service, and wholesale firms, market proximity is the heart of the site selection

process. For a fast food restaurant, the right location is one that has the maximum possible number of customers within a nearby area. Other decisions, such as finding an available piece of property on a major thoroughfare, are purely tactical.

For some firms, access to raw materials is a key. This relationship is clear for a grain miller who must be near the farmers who supply the raw material. It can also be important for other types of firms for reasons that might not be so obvious. For example, many new food additives and pharmaceutical products are produced by fermentation processes that use the by-products of wet grain milling as their feedstock, that is, their raw material. Thus, for many of these firms, being near a wet-grain milling center is a major location factor and can be an important aspect of a community's economic development program.

Labor

Traditionally, labor has been the most important single cost and location factor for most businesses. This is still true today, although automation, rising energy and transportation costs, higher land and building costs, and other factors have made labor less dominant in the cost picture than it once was. To be successful, your community must still be competitive in terms of labor costs.

Increasingly, labor supply, productivity, quality, skills, and work ethic are becoming more important in a firm's site selection decision than simple hourly wage rates. Some of the reasons for this are demographic and economic. As discussed in chapter 2, the number of new workers entering the labor force is rapidly declining. This decline, when combined with the impact of eight years of continued economic expansion in the 1980s, has put a real squeeze on the labor supply. This is especially the case in some rapidly growing high-tech areas such as New England and in many rural areas that have had decades of continued outmigration of younger people.

Also, the increasing incorporation of technology in virtually every type of job—from auto mechanics to clerical work to traditional manufacturing—calls for better reading and mathematical skills and a generally higher level of employee competence. Education, literacy, and numeracy (ability to handle arithmetic and mathematics) rather than low cost have become the new buzzwords in describing what employers are looking for in workers.

Unionization, which was a major factor in site selection in the 1960s and 1970s, has faded in importance in the 1980s for several reasons. Labor unions are weaker and less aggressive now than they were ten or twenty years ago, although this could certainly change in the future. Also,

the sectors of the economy that are expanding most rapidly—services, clerical, and high-tech—are generally the least unionized. Site selectors have also become more sophisticated. No longer is the level of unionization viewed as a simple litmus test of a community's labor-management climate. Rather, educational levels, strike history, absenteeism, turnover rates, and other productivity-related factors are more closely analyzed.

Utilities

Utility costs have become a more important site selection factor over the last two decades as basic energy costs have risen. Electric and natural gas rates have become much more complex, with many specialized rates and with negotiated rates for larger users. For site selectors, utility territories have become "invisible states," and the cost differences between these "states" are often far more significant than the more generally recognized tax cost differentials among states.

Sewer and water costs are only minor factors for the vast bulk of firms, but there are exceptions. For example, food processors may require large amounts of water and may discharge tremendous amounts of organic matter, creating high BOD (biologic oxygen demand) loadings in their wastewater. For these firms, both cost and availability of water supply and wastewater treatment are important site selection factors. There is no more effective way for a community to halt economic development than to have a sewer moratorium.

Corporations seeking sites consider capabilities as well as cost in evaluating a community's utility service. This presents a particular problem for small communities and rural areas. Electric service is often through rural cooperatives, which are not as experienced in serving the needs of larger industrial and commercial customers as are larger investor-owned and public utilities. Water and sewer utilities in small communities may be unable to meet the additional demands of a medium or large industrial or commercial user, even if they are well run and have sufficient reserve capacity to meet existing community needs. In small communities and rural areas, central water, sewer, and natural gas services may be entirely unavailable. For all of these reasons, smaller communities and rural areas are often not considered as locations for many types of facilities.

Increasingly, high quality, high capacity telephone service is a location factor. Some firms, such as order fulfillment centers, need high volume, voice-grade communications, while others, such as branch manufacturing plants, depend on data transmission of everything from orders to payroll. Smaller communities and rural areas—especially those not served by major telephone companies—are at a disadvantage in

trying to attract or retain the increasing proportion of companies having sophisticated telecommunications needs.

Transportation

Transportation costs are an important factor for manufacturing firms. Just how a community measures up in terms of transportation costs will, of course, depend on the firm's sources of materials and markets.

One interesting example of transportation costs is provided by the firm that is distributing to a national market. A very regular pattern of transportation costs and location exists in this case, with the lowest costs being in Kentucky, Tennessee, southern Illinois, Indiana, and Ohio, as illustrated by Exhibit 1. It is no wonder that most of the "transplant" foreign auto producers such as Mitsubishi, Honda, Nissan, and Isuzu have located in just this region. After all, a freight cost differential of $100 per car will add up to a billion dollars in five years for a plant producing 200,000 cars per year. Yet many small communities from Minnesota to Texas to Florida worked hard to lure the General Motors Saturn plant, which went to Spring Hill, Tennessee.

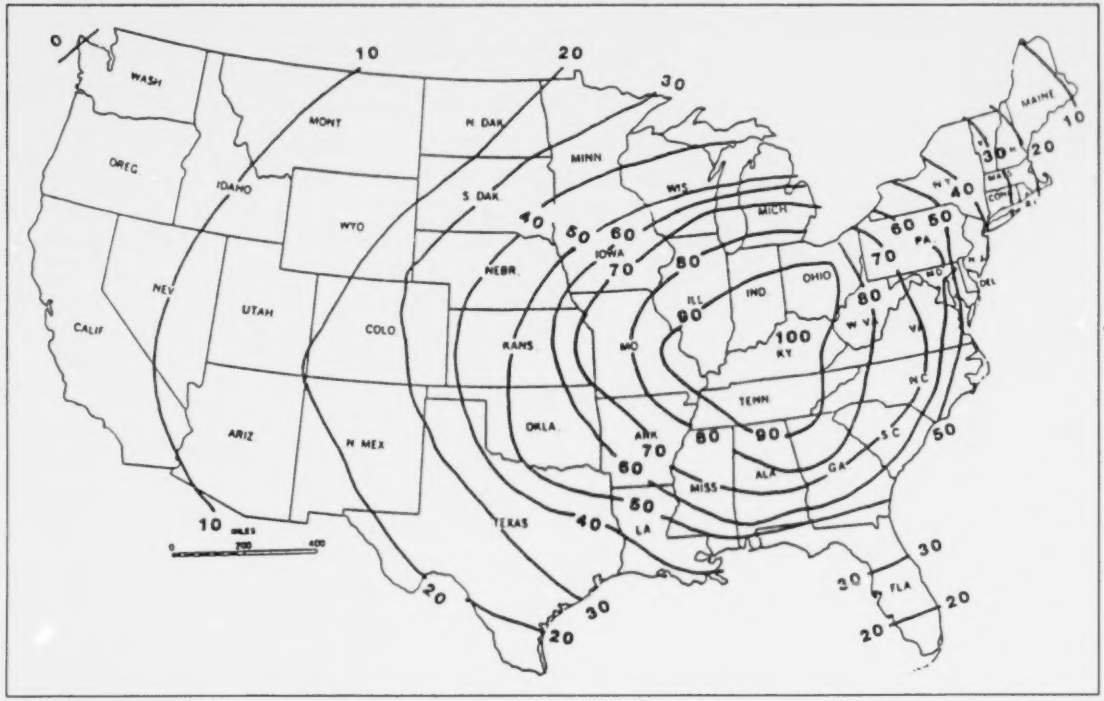
Taxes and Business Climate

Taxes are a much less important and a more complex site selection factor than is commonly recognized. Taxes generally account for only a few percent of the total operating cost of a facility and can be easily overwhelmed by other cost factors. But taxes are discussed a great deal, probably for two reasons: (1) they are visible—a company gets a bill, and (2) they are negotiable—a company can try to lower this cost factor.

No single best tax climate exists, because businesses vary tremendously. Some states and communities tax real property heavily, which is a problem for a manufacturing firm with very expensive plant facilities, but not a problem for a service firm that has few if any real property assets. Other states tax corporate income heavily, which is much more of a problem for established, profitable firms than new start-ups. Franchise taxes, inventory taxes, and a host of others also influence firms differently. Thus a site search must carefully evaluate how the tax structure of a particular state and community relates to the corporation's specific characteristics.

Municipal, township, special district, and county taxes especially influence site selection when the issue gets down to particular parcels. At this point, as a firm is comparing site A in your community to site B in a community a few miles away, local taxes and tax incentives can become an important factor even though locally variable taxes are generally only a fraction of a percent of total costs. This is so because the

Exhibit 1 • Interstate Highway Accessibility Ranking



Highest accessibility is ranked 100; lowest accessibility is ranked 0.
Alaska and Hawaii not included in calculations.

Taafe/Gauthier, Geography of Transportation, ©1973, p. 150. Adapted by permission of Prentice-Hall, Inc., Englewood Cliffs, NJ.

site selection process has led to consideration of only those locations that score very well on other cost factors; even a small tax cost difference can be decisive.

Non-Cost Factors

Non-cost factors are also important in site selection. Most significant among them are access to specialized suppliers, access to training facilities, environmental regulations, and quality of life.

Lack of specialized suppliers and services is one of the biggest hurdles that small communities and rural areas must face in attracting businesses. Many manufacturing firms need specialized services, such as anodizing or heat treating. In many other cases, local-access, general-business services such as accounting or specialized maintenance are important.

For many firms, access to community college training programs is an important factor and will be evaluated with special care. A few firms are also highly concerned about the availability of college training and postgraduate education for managerial personnel. Given the increasing need for high quality, well-educated employees, virtually all firms are now closely scrutinizing the quality of local primary and secondary education, especially in terms of providing basic skills in reading and mathematics.

Environmental Regulation

Environmental regulations are not a controlling factor for the overwhelming majority of site selection decisions. But they are crucial for a few decisions and are likely to become more important in the next several years. Environmental questions center around four issues: (1) air emissions, (2) wastewater discharge, (3) solid waste, and (4) disposal of toxic and hazardous wastes. The issue of environmental regulation is far too complex to deal with in detail here, so I must limit myself to a few general comments.

The environment is likely to become a more important issue for several reasons. First, the U.S. Environmental Protection Agency continues to develop more stringent standards for control of pollution and toxic substances. This, however, is probably less important than the fact that many target dates for attaining various environmental standards established over the last twenty years are now coming due. Finally, increasing use of technology in manufacturing and business in general has resulted in the increasing use of exotic and often highly toxic chemicals.

Rural areas and small communities are frequently at an advantage in having less severe existing environmental problems. Thus they do not face the increasingly draconian limitations on development that are being placed on air quality nonattainment areas. On the other hand, small communities and rural areas have often been less sophisticated in dealing with environmental hazards. As a result, these areas are finding that they are the scene of toxic waste disposal sites and "midnight dumping." In a few cases, unscrupulous businesses have attempted to take advantage of a small community's lack of regulatory and enforcement policies and the desire to create jobs to operate hazardous facilities, although state and federal environmental regulations make this increasingly difficult.

Quality of Life

Finally, quality of life is an important site selection factor for almost any facility. I have saved this factor until last because that is where it generally falls in the site selection process. Normally a firm reduces its number of choices to a handful of "best" locations based on operating cost and operating conditions. While quality of life may have contributed to getting down to this short list, it is rarely the most important factor. In the end, however, a site selector is faced with several locations, all of which look good on paper in terms of cost and operating conditions.

Two exceptions to this generalization are high-tech facility locations and corporate headquarters. Because top technical and managerial talent is so rare and because these persons are so important to the future value of the company, the site selection decisions for these facilities are (or at least should be) recruitment decisions. The location that will do the most to help recruit the best people is the best location, with cost factors being of only secondary importance. For various reasons, however, both high-tech and headquarter sites are almost nonexistent outside major metropolitan areas, so this exception to the importance of quality of life is a moot point for small town and rural economic developers.

Intangible Factors

My own experience in site selection has taught me that you can't go strictly by the numbers. Four communities that are indistinguishable based on statistical data can be vastly different places on the ground. Some communities may be neat and tidy, others are unkempt, even though they have nearly identical income levels. Some communities have a high degree of community spirit, others are contentious. A field inspection of the communities and a meeting with civic leaders quickly reveal these differences.

This is an important point to remember—no matter how unique and wonderful you may think your town is, it looks just like many others on paper. The difference between being the bride and the bridesmaid—between being number 1 and number 2 in site selection—is often quality of life and community cooperation. Remember, too, that community cooperation is more than just giving incentives; it is also instilling confidence. When a company "buys your product" by selecting your community as a location, it is placing tremendous faith in you, your truthfulness, and your ability to keep promises as well as to make them.

Steps in the Site Selection Process

Any site selection, whether it is a branch plant location, a new business start-up, a relocation, or an expansion, goes through a predictable series of steps. Though the details will vary among types of firms, the basic outline is the same. Sometimes the order of the steps changes, and often a firm will go back and rework an earlier step because of new information gathered during the site selection process. In many cases a "no go" decision will be made at some point. The selection process will then be terminated, generally either because of changing economic conditions for the firm (declining sales or profits, higher interest rates, and the like) or because the firm learns that it had unrealistic expectations about the potential market for its product or what kind of costs or operating conditions could be obtained.

Often site selection is a stop-and-go process, which can be maddening for communities working with firms, whether local companies planning an expansion or outside companies considering a location. One day representatives of the firm are in a tremendous hurry—they want information or commitments by tomorrow. Then they disappear for six months while the project is put on hold, waiting for better market conditions, financing, or approval at a higher level of management. All you can do as an economic developer is respond as best as possible to requests for information—and suppress your natural human urge to strangle someone who asks you to do the impossible by tomorrow and then disappears for several months.

Distilled below are my observations on the site selection process, based on working with many firms as a site selection consultant, along with my comments about what you can or can't do to influence the process. Just remember that not all site selections go by the book (at least not this book!) and that it is difficult to know just where a firm is in its decision-making process. Often you will not even know the identity of

an outside prospect early in the process, which will add a little mystery and intrigue to your life.

Step 1: Defining the Facility

This is probably the most important step in the entire process for your community's success in attracting or retaining a facility, because during this phase firms define both what they will produce and the basic requirements to produce it. Unfortunately, this is also a step that takes place behind closed doors far from the eyes of economic developers.

Within this general phase a company or entrepreneur will define the following:

- The product or mission of the facility
- Managerial and technical skill needs to operate the facility
- Overall anticipated employment levels and skill needs
- Utility requirements (water, sewer, electric, natural gas)
- Site and building requirements
- Supplier and service requirements
- Environmental constraints (water or air pollution, solid waste generation)
- Relation to other corporate and competitor facilities

It is common for the definition of the facility to change during the site selection process as the company learns more about not only its own needs, but also what is reasonably available in the real world. Many companies begin with an impossible wish list of desires that they will never be able to meet in one location. For example, they want highly skilled workers and low wages or to be in a major metropolitan area but also to be in an area with a low level of unionization. As they continue through the site selection process, companies have to decide what is most important and make choices based on these decisions.

Step 2: Geographic Analysis of the Market

New facilities are often built to serve new markets. This was the primary reason for the growth of the Sunbelt in the 1980s. Growth of this region in the 1960s and 1970s created new demand and companies moved in or were established to meet that demand. You must recognize, however, that different facilities will serve different markets. In the example of the auto manufacturers given earlier in this chapter, the market is the United States. Other facilities might serve a market region ranging from the local community (especially for retail facilities), to a multistate region, to the

world. The local market is typically most important for retail operations, while regional and national markets are more important for manufacturers. A company will also try to forecast the level and geographic distribution of demand for some future planning time, perhaps five years, and will take this into account in determining the size and location of a new facility.

Step 3: Deciding to Do a Site Search

This may appear to be self-evident, but that is far from the case. In fact, many if not most considerations of building a new facility do not ever lead to a formal site selection process. Even if a company concludes that new product lines or expanding markets require more production capacity, there are various ways of achieving this end. A company may renovate and automate an existing facility or add onto it rather than seek a new facility. Increasingly, companies seek to gain new production capacity by acquiring operating facilities or entire companies. In some cases, however, the most reasonable solution is to search for a new location, whether that means starting from scratch in a "greenfield" site or buying an existing building.

Of course, a business expansion or business retention decision is simply a site selection process from the point of view of the community where a firm is currently located. One of your jobs as an economic developer is to convince local companies that they already have the best possible site and that they cannot find better operating costs and conditions elsewhere.

Step 4: Freight Cost Analysis

An early step in a site search for a manufacturing facility is generally a freight cost analysis. In this analysis, the company can compute the inbound cost of raw materials at various sites as well as the outbound shipping cost to customers. This allows the company to narrow its region of search by finding a least freight cost location and determining the additional cost ("cost penalty") that would be incurred by moving away from that location. Very high freight cost penalties are not likely to be overcome by savings in other areas such as labor or taxes, so high freight cost areas can be eliminated from consideration. For nonmanufacturing companies, other cost factors may serve the same basic role as freight. For example, for a corporate office with a great deal of personnel travel, the cost and time required to transport people is a major consideration.

Step 5: Defining the Search Area

On the basis of freight costs and market area, a firm usually defines a

search area for a facility. Here are a few examples from my own site selection experience:

- Between 50 and 150 miles from Chicago—for a manufacturer of steel furniture that eventually located in a town of 9,000
- Illinois, Indiana, Ohio and Kentucky—for an automotive component supplier that eventually located in a community of 16,000
- In a city of more than 250,000 with excellent flying weather—for an aircraft manufacturer
- Towns of fewer than 25,000 within a triangle bounded by Houston, Dallas, and San Antonio, Texas—for a furniture manufacturer that eventually located in a town of 10,000

If your community is outside the area of search or does not meet the basic site criteria of a company, it will not be considered, much less selected, as the facility location.

Step 6: Initial Screening

Even within these delimited search areas, however, there are likely to be hundreds if not thousands of communities that can be considered as potential locations. Thus at this stage, site selection is a ruthless process of winnowing the locations under consideration down to a manageable number that can be screened more thoroughly. This screening phase usually concentrates on several "knockout" factors, any one of which will eliminate a community from further consideration. These knockout factors could include a minimum size of the local labor force, distance to an interstate highway, available sewer capacity, or any one of dozens of other items that are important for the particular facility.

Often the criteria used in initial screening are quite arbitrary. This screening is typically done without contacting community development organizations, because the information is readily obtained from the state, utility companies, or a computerized database. Despite its brief and arbitrary nature, this preliminary screening tends to be final; that is, communities do not reenter the site search at a later stage once they have been dropped.

One of the most fatal problems at this phase is lack of information. If a community's data sheet indicates "no data available" or simply has a blank for sewer capacity, a firm generally drops the community from consideration. Lack of data is viewed as an indication of a potential problem or at least a community's lack of commitment to provide information; hundreds of other communities do provide complete information.

The most important thing for a community developer to recognize is that at this phase a site selector's interest is either unknown to you or is very limited. When a prospect asks for certain specific information during an initial contact, it is usually for screening purposes. It is very important that you provide all of the information requested and that you make it readily accessible. Site selectors do not want to wade through a four-inch-thick pile of information they did not request just to find the eight facts they did request.

Step 7: Second-Round Screening

Beginning with a list of hundreds of communities and several knockout factors, the site selector can usually narrow the field to 10 to 20 communities for more intensive investigation. It is often at this point that the site selector will first make direct contact with community development officials. You as a community developer should recognize that yours is still probably only one of many areas under consideration and that the real work has just begun.

Often an important factor at this point in the process is evaluation of available sites and buildings. They don't call the process site selection for nothing! Unfortunately, many communities, including some very large ones, do a poor job of gathering and presenting information on sites and buildings. They have elaborate color brochures on the quality of life and a fly-specked hand drawing of the site or building layout. Care should be given to providing complete site and building information and to presenting it in a professional fashion.

Information on sites should include not only standard data on size and utilities, but also an asking price. Nothing bothered me more in site selection projects than a community or developer who acted coy about price. A blank is not an answer to the question "site price," nor is the term "negotiable." Any firm worth dealing with knows that the price is negotiable. The question is: At what price is the seller beginning the negotiation process? Items that should be included in a good, clear, but not unduly fancy site description are provided in chapter 9.

Step 8: Field Visits

Generally a professional site selector will narrow the field of communities under consideration down to three or four on the basis of secondary screening and will then undertake field visits. A corporation doing its own site selection study will usually visit more communities, perhaps five, seven, ten, or even more. Often this is the first view the site selector will have of your community. It is, therefore, important that everyone in

the relatively large cast who is involved in local economic development do a good job and know his or her part.

A site visit is usually brief, ranging from a few hours to two days. During that time the site selector or selection team will want to meet with local employers in larger firms and firms within their particular business. These visits are most informative, because through them a site selector can learn a great deal more than factual information. After a few interviews, community attitudes begin to come through clearly. And local businessmen may tell prospects some things you would rather they did not hear. During a site visit a prospect will also typically meet with local elected officials and utility representatives and will look at promising sites and available buildings.

Several words of caution are in order in dealing with site visits:

- Don't try to hide anything. Problems will usually come out eventually, and when they do, your credibility is gone.
- Show the prospects what they want to see, not what you want to show them. Time is short in a site visit, and people do not like to have their time wasted.
- Be well prepared and use your allies. The power company representative will have the best grasp of electric rates; the real estate sales companies will know the sites best; the state commerce department representative will have the best grasp on how incentive programs work; and the wastewater treatment plant operator will know those trickling filters like no one else.
- Don't wear your prospects out. Many communities seem to try to attract firms by overkill and exhaustion. Scheduling too many interviews does not allow enough time for any of them and invites scheduling problems. Prospects who are kept going from dawn to midnight without a break will not be happy when they leave your community.

Step 9: Ranking Alternatives

Pity the poor prospects! They do have a problem: choosing between apples and oranges. One community has low freight costs, the second a good labor force, the third good living conditions. How to choose? At this point, a firm must decide which factors are really the most important, because one community never has all of the advantages. Eventually, however, the communities are ranked and the site selection recommendations will be made. Even if you are the recommended community, however, the process is far from over.

Step 10: Engineering Analysis, Legal Analysis, and Options

It is a long way from a recommendation to a facility. Often a company will take out an option on a site or building at this point, but this is hardly an assurance that they will be coming to your community. Prudent site selectors will take out options in more than one community so that they are not left out in the cold by an unforeseen problem. Two areas require special attention. First, an engineering analysis of the site should be made to assure that the drainage, soil-bearing characteristics, and other factors are acceptable. Second, a legal analysis is also important, because a flaw in the title or an unexpected easement can eliminate a site. Problems in either of these two areas could knock your site and possibly your community out of the running.

Step 11: Implementation

Even after the groundwork has been laid, all the analyses done, and all of the recommendations made, many site selection decisions stall out for long periods or fizzle out completely. Why? The most important reason is probably money or, more accurately, the lack of it. Obtaining financing is often time-consuming and uncertain for smaller companies; obtaining internal approval in large corporations can be just as time-consuming because approvals are often required from a board of directors.

As the time approaches for making a site decision that may influence the future of the entire company—not to mention the individuals involved—many of the basic questions reassert themselves. Is this new facility really a good idea? Corporate politics may also enter the picture: some people oppose a facility within a company because they think the product it will make is a mistake or because they believe the money could be spent more wisely for other things. Perhaps market conditions have changed. Thus there are often delays ranging from a few weeks to several months during the final phases of the site selection process while these issues are resolved. Site options are renewed and re-renewed until either the project is undertaken or—all too often—dropped.

Step 12: Start-Up

Even after the "go" decision has been made, there is a long process in getting a facility into production. A facility must be constructed, personnel must be transferred in or hired locally, and machinery and equipment must be set up. All of these stages can benefit from local assistance to assure a smooth start-up. Success is a smoothly operating facility, not an announcement. Even when the facility is up and running, your job is not over. It has merely changed from attraction to retention!

Case Study

The best way to understand the site selection process is to look at an actual example. A detailed description of the location criteria for a furniture manufacturing plant based on an actual site search is provided in Exhibit 2. This is a relatively large facility and an elaborate facility description, but the case study does provide a good example of many issues you are likely to face in responding to a manufacturing company's site selection needs. Note that this is not a purely hypothetical example, but rather the site selection criteria of an actual company. Clearly, an office or retail site selection would involve a very different list of site selection criteria.

By the time your community receives a set of site criteria such as those presented in Exhibit 2, the firm will most likely have gone through the first five steps of the site selection process: that is, it will have defined the facility, analyzed its market, decided to begin a site search, done a freight cost analysis, and defined the search area. It may also have completed step 6, initial site screening, without your knowledge. Most community developers do not recognize the amount of work that the prospect firm or its consultants have done before they ever contact the community. A company may change its site criteria as it gains new information on markets or production processes and engineering, but you will not talk them out of a major criterion simply because you do not meet it. If the firm wants a 20-acre site, you will not convince them that your 10-acre parcel is good enough.

While no community is likely to fully meet all site criteria for a facility, recognize that if your community does not even come close on a major criterion, you will most likely be eliminated in the screening process. It is best to recognize this fact rather than to put a great deal of effort into a battle you will lose. You are competing with many other communities, and site selection is a ruthless elimination process to get rid of those communities that do not meet major site criteria—there are always other communities that do.

In the example furniture manufacturing plant, the community responding to an information request would have a great deal of data to provide and would do well to consider some larger issues to determine if the community is right for the plant. For example:

- Is the labor market in our area able to provide 280 hourly workers? What impact will this have on existing employers?
- Does the local work force have any experience with a three-shift operation and will it be accepted?

Exhibit 2

Example of a Facility Description

Furniture Manufacturing Plant

Product:

Laminate on chipboard furniture and furniture hardware (casters, pulls, etc.)

Labor (number):

Salaried personnel (includes accounting, engineering, sales, and general management)	50
Hourly Personnel	
Receiving, shipping, and inspection	40
Toolroom and maintenance	20
Casting, forming, and finishing	60
Assembly	160
Total hourly	280

Note: This would be a three-shift, five-day-a-week operation.

Inbound Freight (lb/yr):

Zinc and zinc alloying block	3,000,000
Steel coil	2,600,000
Wire	1,600,000
Chipboard and plastic laminate	10,000,000
Other fabricated metal components	3,500,000

Additional materials, including corrugated cardboard boxing and plastic for packaging, would be obtained from local sources.

Outbound Freight:

Approximately 22,250,000 lb/yr to be shipped nationwide by (LTL) less than carload common carrier.

Scrap to Be Recycled (lb/yr):

Zinc	230,000
Steel	980,000
Plastic	Quantity unknown

Site:

Approximately 20 acres

Building:

Desire existing building of 280,000 sq ft, including 75,000-100,000 sq ft of warehousing space and 15,000-20,000 sq ft of office space. Warehouse portions should have 16-20 ft ceilings.

Electric Power:

Monthly usage 400,000-450,000 Kwh. Power factor .97. Three-phase current required.

Natural Gas:

2,000 Mcf per month. Noninterruptible service highly preferred.

Water:

Approximately 70,000 gallons per day, primarily for process cooling. Prefer municipal supply.

Sewer:

Prefer municipal system.

Solid Waste:

Zinc, steel, and plastic to be handled by a scrap dealer; chipboard to be handled by a landfill.

Environmental:

Will pretreat wastewater.

No known air emission problems.

Noise:

No problems at property line.

Industrial Services and Supplies:

Reasonable proximity (100 to 150 miles) to a variety of industrial supplies and services will be required. These include:

Mill supply

Platers (zinc, chrome, brass, nickel, oxide)

Packaging fabricator

Plastic injection molding (250-450 ton range)

Tool and die shop (steel stamping, injection die cast, and injection plastic molding)

Stamping shop (250 tons)

Rubber molding shop

Heat treating

Batch tumbling

Screw machine shop

Vacuum metalizing

Plastic laminate

Chipboard

Zinc, steel, and plastic scrap dealers

Community:

Should be within 50 miles of a hub airport.

A small community of about 10,000 population is preferable. The community should have excellent labor-management relations and a good supply of labor at reasonable wage rates.

Favorable state and local tax codes are important.

- Does our community have trucking service capable of handling the very large inbound and outbound freight requirements?
- Do we have a good site or building available?
- Do we have the utility services (electric, natural gas, water, and sewer) needed for a plant of this size?
- Are all of the industrial supplies and services available?

If you decide this facility is both workable and would be a good neighbor in your community, getting answers to all of these questions takes a good deal of legwork, and typically a prospect or consultant will want information in a few days or at most in a few weeks. Thus, before you go to the trouble of responding, you should make a "first cut" decision as to whether your community meets the site selection criteria. You do not need to be perfect. No community is ever perfect for a facility, which is what makes site selection so difficult. For example, a company is not likely to find an existing building that meets its needs; the one in this case study did not. But there should be a reasonably good match between your community and the facility, and it should be a business you believe would be a good neighbor to existing businesses.

Responding to these site specifications emphasizes the importance of data as the primary community marketing tool (chapter 9). As an exercise for your development group, I suggest that you try putting together a response packet indicating how your community can meet the various facility needs outlined in Exhibit 2. Who will provide the various types of information needed? For example, who will provide information on the size, skills, and quality of the local labor force? How long will it take to assemble the needed data?

Sources of Information

Additional information on the site selection process can be found in *Readings in Economic Development* (volumes I and II), published by the American Economic Development Council; *A Handbook for the Eighties* by Howard Bessire; *Facility Planning Technology* by Conway and Liston; *The Practical Approach to Industrial Development* by Robert Evans; *Making Business Location Decisions* by Robert Schmenner; *Economic Development Manual* by Kenneth Wagner; and, for a more technical treatment, *Industrial Location: An Economic Geographical Analysis* by David Smith and *Industrial Location* by Michael Webber.

Current issues of *Area Development, Business Facilities, Economic Development Review, Expansion, Industrial Development, Plant Sites and Parks,* and *Site Selection Handbook* are also valuable to keep up

with the latest trends in site selection. An example of these trends is the recent concern with whether or not a site or facility contains hazardous wastes, which now make a facility or site virtually unsalable.

Chapter 6

Strategic Planning for Economic Development

Strategic planning for economic development is not forecasting or projection of current trends. It is a means by which your community can take a proactive rather than a reactive approach to the challenges that face it. Through strategic planning, a community can define what it wants to become, can influence the course of its future economy, and can take some measure of control over its economic destiny. Of course, all of this is within limits, and a well-designed strategic plan not only seeks to outline what is desired, but also defines the limits of what can realistically be accomplished.

Although strategic planning is a well-accepted tool in the corporate world, it is only now being widely adopted by economic developers. It is being adopted by them because it can improve the efficiency of development efforts, overcome differences between various groups involved in the development process, and define goals. It can also create a realistic understanding not only of what is desirable, but also what is possible under the inevitable constraints of limited manpower and money resources and competitive conditions.

Steps in Strategic Planning

Strategic planning is often viewed as a highly elaborate and technical process. This need not be the case. In essence, strategic planning is an orderly and rational means of bringing about change, in this case community economic development. Strategic planning focuses on process, not product. This process is designed to answer the questions: What is to be done? Who should do it? How will performance (accountability) be measured?

The strategic planning process is composed of a cycle of eight steps, defined here specifically for small community and rural economic development:

1. Establishing a framework. How should economic development be organized within your community and how should it relate to local government and other community organization?
2. Developing a mission or vision statement for your economic development program.

3. Conducting an "environmental scan" establishing the major regional, national, and world trends influencing the economic development of your community.
4. Evaluating your community's strengths and weaknesses and major opportunities for and threats to economic development. (This is often referred to as a SWOT analysis, an acronym for the first letters of strengths, weaknesses, opportunities, and threats.)
5. Defining priority issues in economic development for your community as a basis for allocating and focusing resources.
6. Analyzing issues to determine which ones are most important to the community's economic development and how they are perceived by local decision makers and the general public.
7. Preparing detailed strategies, objectives, and action steps to realize your community's development objectives, including their cost and responsibilities for achieving them.
8. Reviewing, evaluating, and updating your development program.

Establishing an Organizational Framework

Strategic plans do not simply happen; the organization of a strategic plan requires a good deal of effort and some luck. Strategic plans are not successful without a "product champion," that is, without someone who believes in the process, is a "missionary" for the process, is willing and able to devote a good deal of time and effort to getting the idea of strategic planning off the ground, keeps it moving through its various stages, and has the right personality and skills to do all of these things. Finding someone with the desire, time, and willingness is not easy, and finding such an individual is the luck part of strategic planning.

Making strategic planning work requires more than one motivated individual, however. It is important that the local power elite buy into the process, as should the general public. The support of these larger groups must be based on the belief that a strategic plan will improve the efficiency and effectiveness of local development programs, will help to end bickering among local groups and individuals concerned with economic development, and will bring realism and accountability to the development process. Unfortunately, strategic plans are often borne out of some major economic crisis that befalls a community, making the need for effective, proactive development efforts apparent.

Typically, a strategic community economic plan is prepared by an ad hoc steering committee or a working group. Who should be involved? Among the likely participants are city, village, or county elected officials

and staff; leading local businesspeople and industrialists; representatives of local civic organizations such as the Rotary, Lions, and Kiwanis; representatives of local utilities, bankers, developers, realtors, and educators—in short, all of the people who should be involved in an economic development organization in general. It is important that these groups have a sense of ownership of the plan and work to sell it to their constituencies and the community at large.

Use of an Outside Facilitator

You may wish to consider using an outside consultant or facilitator to assist in the development of a strategic plan. Doing so has two primary benefits. First, a professional with experience in strategic planning will know many techniques that can help to make the process move more quickly and effectively. Second, an outsider is a neutral party who has no particular stake in the outcome of the process. The facilitator can act as a referee on issues that are subject to disagreement within the community and when a particular course of action may benefit some members of the community more so than another.

The role of a facilitator is to help arrange and conduct meetings and to assist in assembling the input received from the community. As the title implies, it is not the role of the facilitator to create the strategic plan, but merely to assist the community in the process. A major drawback of hiring a facilitator, who may be a private consultant or perhaps a university or college faculty member, is cost. As with use of any outside consultant, finding a qualified individual is difficult. The fee for a facilitator can vary widely, but it is likely to be several thousand dollars. In addition to the resources of your own community, possible sources of funding for a facilitator include major local businesses and local utilities.

Developing a Mission Statement

It is important to begin the strategic planning process with a brief, direct mission statement defining who the plan is for (that is, what area you serve), what outcome you want (and possibly what you do not want), and what organization will be responsible for implementing the plan. Mission statements appear deceptively simple, but they are not easy to formulate. Two examples of community economic development mission statements follow:

> The Blankville Economic Development Corporation will make Blankville a better place to live, to work, and to conduct business.
>
> The Sample County Chamber of Commerce will work to create an environment that allows Sample County to provide reason-

business growth and employment opportunities for Sample County residents.

Even these two simple examples give some hint of the issues that must be dealt with. Is the existing local business climate acceptable? Are all types of development acceptable? How much growth does the community want? What does the organization seek to gain? Each word in the mission statement should be carefully considered and selected. Then, as strategic planning continues, the mission statement can serve as a homing beacon to keep the process from wandering into issues not closely related to economic development. This focus will allow you to concentrate your time and money resources effectively on a limited range of goals.

In the course of this discussion, I will introduce a wide variety of data sources that may be used to evaluate your community. To make these examples more meaningful, Monticello and Piatt County, Illinois, are used as a case study to show how these sources of data can be used to build a picture of your community and its economic structure. Monticello is the county seat of Piatt County, which is located in rural central Illinois. Piatt County has a total population of 16,000, while Monticello has a population of about 4,800.

Conducting an Environmental Scan

All community development efforts must begin from where you are today, and all communities are influenced by and must respond to external social and economic trends. Thus it is important to begin economic development planning by getting a better idea of what your current situation is and what challenges and opportunities influence your community now and are likely to influence it in the future.

Questions to Ask

In establishing a baseline of current community conditions, you will want to answer the following questions:

- What is our current economic base? What basic businesses are bringing money into the community?
- How are our current basic industries doing and what trends are likely to influence them in the near future? Are they threatened by foreign competition such as auto parts manufacturers? Are they threatened by technological changes that will make them obsolete? The old saying "gone the way of the buggy whip" applies to a lot more than buggy whips today!

- What is the basic health of major local companies? Are they doing well financially? Have they been gaining or losing market share in their industry? Are they likely corporate takeover targets?
- What are the demographic characteristics of our community? Is the population growing, declining or remaining stable? Is there heavy outmigration? Are we older or younger than the national average? How well educated are we?
- What are the characteristics of our labor force? Does it have high levels of skills, and if so, what kinds of skills? Are there job opportunities for women?
- What are the trends in levels of local employment in terms of the changes in number of jobs available and jobs in different sectors of the economy? What are the trends in unemployment levels?
- What is the picture in terms of local government? Is the local tax base growing or shrinking? What sources of revenue do local governments depend on?

Where to Find Basic Information

Finding meaningful answers to questions such as these requires more than a little effort. It is therefore wise for the community strategic planning group to set up a subgroup or task force to pursue these issues. Local planners can be especially helpful in gathering much of the necessary background information, as can state agencies such as the department of employment security, which will have extensive data on changes in employment. Federal statistical publications are also a good source of information. The best and most readily available sources are described below.

U.S. Industrial Outlook, published by the U.S. Department of Commerce International Trade Administration, provides good information on recent trends and future expectations for various types of businesses. Our example area, Piatt County, has a large steel wire and cable manufacturing plant (General Cable Co.), and the *Outlook* gives a brief overview of where that industry appears to be headed (Exhibit 3).

Information such as this can be supplemented by interviews with representatives of specific local companies. Another source is a review of information provided by general references such as the *Directory of Corporate Affiliations* (Exhibit 4) and investment services such as *Value Line* (Exhibit 5). In this case, the *Directory of Corporate Affiliations* shows that the General Cable Co. is a subsidiary of the Penn Central Corporation. General Cable itself is incorporated in Delaware and headquartered

Exhibit 3
Portion of the Entry for "Ferrous Metals" from *U.S. Industrial Outlook*

Ferrous Metals

In 1989, basic steel industry shipments are expected to decline from the 1988 volume, falling approximately 6 percent to 76 million tons. The decrease will be attributable to weakness in several key consuming industries and a drawdown of inventories accumulated through the summer of 1988. A small increase, approximately 1 percent, is expected in the tonnage of ferrous castings shipped.

STEEL MILL PRODUCTS

The domestic steel industry (SIC 3312, 3315, 3316, 3317), demonstrated strong growth in 1988, dramatically reversing the economic tailspin that it had been in from 1982 through 1986. Steelmakers had begun showing signs of a modest recovery in 1987; by the second quarter of 1988, they were enjoying their most profitable period ever, and earnings for the year were expected to be the highest in more than a decade, despite the considerable shrinkage of the industry. Shipments and apparent consumption reached their highest levels since 1981, and prices, which had been depressed for years, rebounded to new highs. The restored prosperity followed years of extraordinary decline; between 1982 and 1986, losses exceeded $12 billion. The industry's profitability in 1987 was in significant measure attributable to nonrecurring items, especially investment tax credits.

The sharp upturn in steelmakers' fortunes reflected the industry's new status as one of the lower cost producers in the developed world, the result of an ongoing restructuring and modernization program, the negotiation of more favorable labor contracts, and the depreciation of the dollar against the currencies of most of the important steel-producing countries. The effectiveness of the President's program to restrain steel imports, much of which the U.S. industry alleges to be unfairly traded under U.S. law, also contributed to the industry's newfound health.

The large rise in apparent consumption of steel mill products in 1988 to more than 100 million tons was a surprise to many industry observers. Domestic shipments also advanced sharply, up 6 percent from their 1987 level to more than 81 million tons, the highest level during the present expansion. The first half of the year was especially strong, with shipments reaching 43 million tons; shipments were expected to decline considerably during the second half of the year owing to seasonal and other factors.

The strength of shipments and apparent consumption caused observers to question the sources of demand in view of the perceived weakness of key steel-consuming industries. During the first half of the year, shipments to the vital automobile industry declined slightly in spite of an increase in sales of domestically produced automobiles. Nonresidential construction expenditures through June were lower, yet steel shipments to this important industry were up 11 percent.

Trends and Forecasts: Steel Mill Products (SIC 3312,3315,3316,3317)
(in millions of dollars except as noted)

Item	1985	1986	1987[1]	1988[2]	1989[2]	Percent Change: Compound Annual 1972-86	Compound Annual 1981-86	Annual 1986-87	Annual 1987-88	Annual 1988-89
Industry Data										
value of shipments[3]	47,354	44,119	49,055	55,480	52,110	3.3	-8.5	11.2	13.1	-6.1
value of shipments (1982$)	45,297	44,217	47,488	50,436	46,446	-3.7	-9.2	7.4	6.2	-6.9
total employment (000)	274	245	241	255	238	-5.5	-12.2	-1.6	5.8	-6.7
Production workers (000)	229	187	181	192	176	-5.9	-12.4	-3.2	6.1	-7.3
Average hourly earnings ($)	14.66	15.05	..	..	..	7.3	1.1	..	..	..
Product Data										
value of shipments[3]	45,076	41,976	46,661	52,773	49,020	3.7	-7.5	11.2	13.1	-7.1
value of shipments (1982$)	43,046	42,025	45,127	47,932	44,472	-3.4	-8.4	7.4	6.2	-7.2
Trade Data										
value of imports	5,462	7,167	8,255	10,196	10,300	7.9	4.9	5.1	23.1	1.0
import/new supply ratio[4]	0.175	0.150	0.152	0.164	0.175	3.6	2.7	5.0	7.9	6.7
value of exports	618	713	684	1,425	1,667	0.9	-20.2	25.4	58.4	17.0
Export/shipments ratio	0.016	0.017	0.018	0.027	0.034	-2.7	-13.4	11.8	42.1	25.9

[1]Estimated except for exports and imports.
[2]Estimated.
[3]Forecast.
[4]Value of all products and services sold by the Steel Mill Products industry.
[5]Value of products classified in the Steel Mill Products industry produced by all industries.
[6]New supply is the sum of product shipments plus imports.
SOURCE: U.S. Department of Commerce, Bureau of the Census; Bureau of Economic Analysis; International Trade Administration (ITA); U.S. Department of Labor, Bureau of Labor Statistics (BLS); Estimates and forecasts by ITA.

Exhibit 4 • *Directory of Corporate Affiliations* Entry for the Penn Central Corporation

Perforating, Logging & Other Wireline Service Opers
S.I.C.: 1389
Markham Gjovig *(Pres.)*

•
9683-000

PENINSULA RESOURCES CORPORATION
710 Buffalo St., Suite 601
Corpus Christi, TX 78401
Mailing Address: P.O. Box 1121
Corpus Christi, TX 78403
Tel.: 512-887-6863 **DE**
Approx. Rev.: $4,160,062
Emp.: 50
Oil & Gas Exploration & Production; Contract Drilling; Natural Gas Transmission
S.I.C.: 1381; 4924; 1382
John L. Hada, Jr. *(Chm. Bd. & Chief Exec. Officer)*
Board of Directors:
John L. Hada, Jr.
Wayne M. Squires
Neil Turpin

3921-000
Andrews & Kurth *(Legal Firm)*
Texas Commerce Tower
Houston, TX 77002

7920-004
First City National Bank of Houston *(Transfer Agent)*
1001 Main St.
Houston, TX 77002
Tel.: 713-658-6011

21955-003
Grant Thornton *(Auditors)*
Houston, TX

Subsidiaries:
9683-002

P & J Lease Service, Inc. (1)
P. O. Box 1121, 670 Texas Commerce Plaza
Corpus Christi, TX 78403
Tel.: 512-887-9710
Dormant

9683-001
PRC Drilling Co. (1)
670 Texas Commerce Plaza
Corpus Christi, TX 78403 (TX)
Tel.: 512-887-9710 (100%)
Approx. Sls.: $14,143,000
Emp.: 20
Contract Drilling & Lease Servicing
S.I.C.: 1381
Wayne Squires *(Pres.)*

• •
9684-000

THE PENN CENTRAL CORPORATION
One E. Fourth St.
Cincinnati, OH 45202
Tel.: 513-579-6600 **PA**
Telefax: 513-579-0108
PC—(NYSE)
Assets: $2,400,300,000
Earnings: $103,400,000
Liabilities: $630,400,000
Net Worth: $1,769,900,000
Approx. Rev.: $1,640,200,000
Emp.: 17,000
Fiscal Year-end: 12/31/88
Diversified Company Mfg. Prods. & Supplying Services in the Areas of Telecommunications & Defense
S.I.C.: 3357; 3531; 3731
Carl H. Lindner *(Chm. Bd. & Chief Exec. Officer)*
Alfred W. Martinelli *(Vice Chm.)*
Ronald F. Walker *(Pres. & Chief Oper. Officer)*
Neil M. Hahl *(Sr. V.P.)*
Robert W. Olson *(Sr. V.P., Gen. Counsel & Sec.)*
David H. Street *(Sr. V.P.-Fin.)*
Robert J. Siverd *(V.P.-Litigation)*
Robert F. Amory *(Corp. Controller)*
Robert Burton *(Mgr.-Investor Rels.)*
Philip A. Hagel *(Treas.)*
Richard Dicker
Theodore F. Emmerich
A. Leon Fergenson
James E. Evans
Thomas M. Hunt
John W. Ingraham
S. Craig Lindner
Alfred W. Martinelli
Ronald F. Walker
John H. Williams

28223-000
First Chicago Trust Company of New York *(Transfer Agent)*
30 W. Broadway
New York, NY 10007-2192
Tel.: 212-587-6515

24168-043
Deloitte Haskins & Sells *(Auditors)*
Cincinnati, OH

Subsidiary:
9684-027

Penn Central Federal Systems Company (1)
1800 Diagonal Rd.
Alexandria, VA 22314 (DE)
Tel.: 703-739-2400 (100%)
Telefax: 301-231-2101
Gilbert F. Decker *(Pres. & Chief Exec. Officer)*

Subsidiaries:
9684-028

Vitro Corporation (2)
14000 Georgia Ave.
Silver Spring, MD 20906 (DE)
Tel.: 301-231-1000 (100%)
Telefax: 301-231-2101
Military Software Engrng. Services; Installation of Computer Based Tracking & Radar Simulation Systems
S.I.C.: 7379; 8711

Subsidiaries:
9684-064

Vitro Jean Inc. (3)
Industrial Park
Ft. Walton Beach, FL 32548
Tel.: 904-244-7711
Telefax: 904-244-7760
Engrng. Services
S.I.C.: 8711

9684-065
Vitro Tullahoma, Inc. (3)
Industrial Park
Ft. Walton Beach, FL 32548
Tel.: 904-244-7711
Telefax: 904-244-7760
Engrng. Services
S.I.C.: 8711

9684-029
Vitro Services Company (2)
Industrial Park
Ft. Walton Beach, FL 32548
Tel.: 904-244-7711
Engrng. Services
S.I.C.: 8711

Subsidiary:
9684-066

Vitro Technical Services, Inc. (3)
Industrial Park
Ft. Walton Beach, FL 32548 (DE)
Tel.: 904-244-7711 (100%)
Telefax: 904-244-7760
Engrng. Services
S.I.C.: 8711

Telecommunications Group:
9684-010

Telecommunications Group (1)
50 Tice Blvd.
Woodcliff Lake, NJ 07675
Tel.: 203-573-8200
Telefax: 201-573-8478
Nonferrous Wire
S.I.C.: 3357
Denis R. Brown *(Pres. & Chief Exec. Officer)*

Division
9684-071

Apparatus Division (2)
5600 68th Ave.
Westminster, CO 80030
Tel.: 303-427-3700
Mfr. of Aerial Lift Trucks for Telephone & Electrical Utilities
S.I.C.:

Tel.: 407-724-5678
Engineering Services
S.I.C.: 8711
Denis R. Brown *(Pres.)*

9684-073
Genca (2)
Ulmerton Rd. & 49th St.
Clearwater, FL 34622
Tel.: 813-573-4622
Wire Drawing & Extrusion Heads for the Wire & Cable Industry
S.I.C.: 3549
Al Morgenthaler *(Pres.)*

9684-009
General Cable Co. (2)
50 Tice Blvd.
Woodcliff Lake, NJ 07675 (DE)
Tel.: 201-573-8200 (100%)
Telefax: 201-573-8478
Approx. Sls.: $504,000,000
Mfr. & Sales of Cable & Wire Products
S.I.C.: 3351; 3356; 3357
Peter Gordon *(Pres.)*

9684-023
G & H Technology (2)
1649 17th St.
Santa Monica, CA 90404 (DE)
Tel.: 213-450-0561 (100%)

9684-074
Guardian Products / Capital Wire (2)
411 W. Putnam Ave.
Greenwich, CT 06830
Tel.: 203-661-0100
Copper Wire for Bldg. & Electronics Industries; Copper & Aluminum Cable & Wire Products for Residential, Comml. & Industrial Bldgs.
S.I.C.: 3351; 3356; 3357
Gene Tonkovich *(Pres.)*

9684-081
Quality Systems, Inc. (2)
8219 Leesburg Pike
Vienna, VA 22182
Tel.: 703-734-0900
Systems Engrng.; Technical Assistance; Software Development; Communications Engrng.; Training to the US Defense & Intelligence Community
S.I.C.: 7372; 7379; 8711
Robert C. De Haven *(Pres.)*

9684-075
Tri-State Utility (2)
One Sands Ln.
Redding, CA 96099
Tel.: 916-244-1880
Turnkey Fibre Optic & Copper Cable Outside Plant Installation Services
S.I.C.: 8711
W.R. Haskins *(Pres.)*
Kenneth A. Stevens *(Gen. Mgr.)*

Diversified Industries:
9684-076

Holden Energy Corporation (1)
Lincoln Center, Ste. 600,
Ardmore, OK 73401
Tel.: 405-226-3960 (77%)
Gas & Oil Exploration & Production
S.I.C.: 1311; 1382

9684-015
Marathon LeTourneau Company (1)
P.O. Box 2307
Longview, TX 75608
Tel.: 214-236-6500
Telefax: 214-753-7918
Mfr. & Servicing of Front Loaders & Trucks Used in Mining; Mfr. & Sls. of Log Handling Equipment & Cranes; Mfr. of Off-Shore Jack-Up Drilling Rigs
S.I.C.: 3531; 3713; 3714; 3731
J. Earl Becaman *(Chief Oper. Officer)*

9684-012
Marathon Power Technologies (1)
P.O. Box 8233
Waco, TX 75414 (DE)
Tel.: 817-776-0630 (100%)
Telefax: 817-776-6558
Supplies Nickel-Cadmium Batteries to the Aviation Aftermarket; Mfr. of Electrostatic Inverters for Original Equipment Mfrs.
S.I.C.: 3692; 3699
R. W. Cowan *(Pres.)*

9684-077
Nuclear Energy Services (1)
46 Shelter Rock Rd.
Danbury, CT 06810
Tel.: 203-798-5000
Engrng. Services
S.I.C.: 8711

9684-078
Penn Central Real Estate Group (1)
One East Fourth

Exhibit 5
***Value Line* Report for the Penn Central Corporation**

PENN CENT.CORP. NYSE-PC | RECENT PRICE 25 | P/E RATIO 16.7 (Trailing 18.4 / Median 14.0) | RELATIVE P/E RATIO 1.27 | DIV'D YLD 1.6% | VALUE LINE 1391

TIMELINESS — (Relative Price Performance Next 12 Mos)
SAFETY 2 Above Average (Scale: 1 Highest to 5 Lowest)
BETA NMF (1.00 = Market)

1992-94 PROJECTIONS

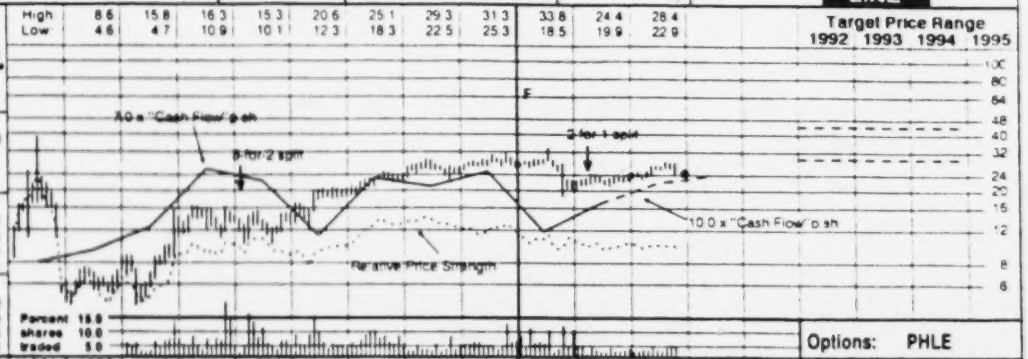
	Price	Gain	Ann'l Total Return
High	45	(+80%)	17%
Low	30	(+20%)	7%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	1	1	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	1	0	1	0	2	1

Institutional Decisions

	4Q'88	1Q'89	2Q'89
to Buy	38	42	49
to Sell	32	41	44
Hld's(000)	49907	49647	52611


High 8.6 15.8 16.3 15.3 20.6 25.1 29.3 31.3 33.8 24.4 28.4
Low 4.6 4.7 10.9 10.1 12.3 18.3 22.5 25.3 18.5 19.9 22.9
Target Price Range 1992 1993 1994 1995
4.0 x "Cash Flow" p sh
8-for-7 split
2-for-1 split
10.0 x "Cash Flow" p sh
Relative Price Strength
Percent shares traded 15.0 10.0 5.0

Options: PHLE

1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	VALUE LINE, INC.	92-94E
--	--	--	7.27	9.60	15.65	31.48	52.36	49.46	39.86	32.09	31.36	30.51	19.91	21.77	*25.10*	*27.95*		Revenues per sh	*35.55*
--	--	--	.80	1.14	1.33	1.78	3.70	3.19	1.60	3.32	2.96	3.57	1.18	1.69	*2.15*	*2.45*		"Cash Flow" per sh	*3.65*
--	--	--	.44	.65	.68	.91	1.75	1.47	d.24	1.91	1.38	1.93	.44	1.19	*1.45*	*1.75*		Earnings per sh [A]	*2.75*
--	--	--	--	--	--	--	--	--	--	--	--	.03	.03	.10	*.40*	*.60*		Div'ds Decl'd per sh [B]	*.90*
--	--	--	--	1.07	4.83	2.45	2.89	2.21	1.50	1.56	1.51	1.51	.48	.51	*.55*	*.70*		Cap'l Spending per sh	*.70*
--	--	--	--	5.56	7.05	16.90	20.47	22.93	22.63	16.30	22.66	26.73	23.21	24.92	*27.75*	*30.00*		Book Value per sh [C]	*38.90*
--	--	--	69.46	69.46	69.46	63.97	63.95	63.99	63.69	80.06	80.59	78.26	71.39	71.03	*67.75*	*66.25*		Common Shs Outst'g [D]	*63.25*
--	--	--	--	--	9.3	9.0	7.8	8.7	--	11.6	18.8	14.5	NMF	18.9	*Bold figures are Value Line estimates*			Avg Ann'l P/E Ratio	*14.0*
--	--	--	--	--	1.35	1.20	.95	.96	--	1.08	1.53	.98	NMF	1.57				Relative P/E Ratio	*1.17*
--	--	--	--	--	--	--	--	--	--	--	--	1%	1%	4%				Avg Ann'l Div'd Yield	*2.3%*
2013.7	3348.8	3165.4	2538.9	2569.1	2527.3	2387.9	1421.4	1546.5	*1700*	*1850*		Revenues ($mill)	*2250*
14.9%	14.5%	13.8%	14.5%	16.3%	13.9%	12.2%	10.2%	7.8%	*7.5%*	*8.0%*		Operating Margin	*10.5%*
61.2	103.1	107.9	117.4	120.9	128.1	125.2	49.6	35.7	*45.0*	*45.0*		Depreciation ($mill)	*50.0*
93.6	168.7	131.5	19.7	170.0	110.8	154.2	34.8	84.1	*102*	*115*		Net Profit ($mill)	*180*
48.7%	46.5%	48.3%	42.9%	43.0%	42.0%	46.5%	37.0%	26.6%	*30.0%*	*34.0%*		Income Tax Rate	*34.0%*
4.6%	5.0%	4.2%	8%	6.6%	4.4%	6.5%	2.4%	5.4%	*6.0%*	*6.3%*		Net Profit Margin	*8.0%*
389.2	602.1	465.6	561.4	356.8	511.5	1198.7	1214.5	969.6	*1200*	*1295*		Working Cap'l ($mill)	*1780*
547.2	733.2	453.7	289.8	283.9	241.7	86.7	188.9	159.7	*345*	*335*		Long-Term Debt ($mill)	*335*
1395.2	1623.3	1781.7	1756.0	1619.2	1825.9	2092.2	1556.9	1769.9	*1880*	*1985*		Net Worth ($mill)	*2460*

CAPITAL STRUCTURE as of 6/30/89
Total Debt $184.5 mill. Due in 5 Yrs $50.8 mill.
LT Debt $133.7 mill. LT Interest $20.0 mill.
Incl. $7.5 mill. capitalized leases.
Incl. $133.7 mill. 11% Sub. Debs. due 12/15/97.
(LT interest earned: 5.2x; total interest coverage: 5.2x) (7% of Cap'l)
Leases, Uncapitalized Annual rentals $21.2 mill.
Pension Liability $18.7 mill. in '88 vs. $24.0 in '87.

Pfd Stock None

Common Stock 69,009,239 shs. as of 4/30/89	(93% of Cap'l)
Incl. 1,543,644 shares outstanding but not issued	

CURRENT POSITION (SMILL.)	1987	1988	6/30/89 E
Cash Assets	1072.0	757.9	1437.5
Receivables	319.2	241.2	381.4
Inventory(FIFO)	218.2	251.0	360.6
Other	25.6	23.7	25.0
Current Assets	1635.0	1273.8	2204.5
Accts Payable	122.7	95.1	115.0
Debt Due	10.4	8.7	50.8
Other	287.4	200.4	333.0
Current Liab.	420.5	304.2	498.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '86-'88 to '92-'94
Sales	NMF	NMF	*NMF*
Cash Flow	8.5%	-5.5%	*8.5%*
Earnings	8.0%	3.5%	*14.0%*
Dividends	--	--	*NMF*
Book Value	10.0%	2.5%	*8.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1986	629.3	579.7	565.8	613.1	2387.9
1987	319.9	338.5	347.8	415.2	1421.4
1988	338.1	380.2	359.6	468.6	1546.5
1989	343.1	444.2	468.9	*443.8*	*1700*
1990	*430*	*470*	*470*	*480*	*1850*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1986	.32	.42	.20	.99	1.93
1987	.16	.16	.23	d.11	.44
1988	.24	.31	.32	.27	1.19
1989	.32	.38	.36	*.39*	*1.45*
1990	*.40*	*.40*	*.45*	*.45*	*1.70*

Calendar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1985	--	--	--	--	--
1986	--	--	--	--	--
1987	.075	--	--	--	.03
1988	.075	--	--	--	.03
1989	.10	.10	.10	.10	

6.4%	9.7%	7.6%	1.8%	9.9%	6.1%	7.8%	2.1%	5.1%	*5.0%*	*5.0%*	% Earned Total Cap'l	*7.0%*
6.7%	10.4%	7.4%	1.1%	10.5%	6.1%	7.4%	2.1%	4.8%	*5.5%*	*6.0%*	% Earned Net Worth	*7.0%*
4.9%	10.2%	6.6%	NMF	11.1%	6.1%	7.3%	2.0%	4.7%	*4.0%*	*4.5%*	% Retained to Comm Eq	*5.0%*
43%	21%	27%	NMF	15%	--	1%	5%	2%	*27%*	*32%*	% All Div'ds to Net Prof	*33%*

BUSINESS: Penn Central Corp. manufactures and distributes wire and cable for telecommunications and electrical transmission applications, interconnection systems for the aerospace industry, heavy eqpm't for the mining, timber, port, and other industries, and steel; provides tech. svcs to the U.S. gov't; owns real estate dvlpm't rights and interests in coal properties; and is engaged in domestic gas and oil exploration. Bought workers' comp. insurance co. 3/89. '88 depr. rate: 6.3%. Est'd plant age: 7 yrs. Has 13,900 empls., 20,000 shrhldrs.; U.S. gov't sales: 24.6% of '88 total. C. Lindner controls 32% of stock; other insiders, 2.9%. Chrmn. & C.E.O.: C. Lindner. Pres.: R. Walker, Inc. PA. Address: The Provident Tower, 1 E. 4th St., Cincinnati, OH 45202. Telephone: 513-579-6600.

Penn Central is loaded with cash . . . At the end of June, the company's non-insurance operations had over $990 million, about $14.40 a share, in cash and equivalents, and management reports that that figure is now up to about $17.00 a share, thanks, in part, to the issuance in August of $200 million in new debt.

. . . and looking for companies to buy. Earlier this year, the company completed the $287.7 million acquisition of Republic American Corp., a California company that sells workers' compensation insurance. Because Penn Central can use its billion-dollar-plus operating loss carryforward to shield earnings from income taxes, the purchase of insurance companies, which generally keep a portion of their funds invested in tax-free investments paying below-market yields, makes sense; free of tax obligations, insurance subsidiaries belonging to PC can invest in higher-yielding instruments. It was not surprising, then, that PC said it would quite likely buy another insurer. The company has evaluated some opportunities in the past few months, but thus far has not bitten.

One acquisition will probably close in 1990's opening quarter. The recently announced purchase of Noranda, Inc.'s Carol Cable subsidiary should mesh nicely with PC's existing wire and cable operations. Carol, which produced operating income of $25.6 million in 1988, has a retail distribution arm, which PC is currently lacking. If the $177 million, all-cash transaction goes through as expected early next year, Carol should add about 5¢-10¢ a share to PC's 1990 earnings. (Until a definitive purchase agreement is signed, our estimates will not reflect the acquisition.)

We think these shares are attractive. Due largely to the Republic acquisition, earnings are headed higher. But perhaps just as significantly, so is book value per share, which probably understates this company's true worth, because many of its real estate properties are carried on the books at little or no value. The company has ample resources available to repurchase its shares when they trade below book, and we expect it to continue to do so. And at least a marginal hike in the dividend is likely, given management's stated commitment to building shareholder value.

Mark Robertson *November 17, 1989*

in New Jersey. General Cable has sales of slightly more than $500 million per year, while the parent Penn Central Corporation has total sales of more than $1.6 billion per year.

Value Line indicates that Penn Central is a cash-rich company and rates its shares as "attractive." This is a good sign for Monticello and Piatt County's major existing industrial employer. On the other hand, the *Value Line* report also indicates that Penn Central has just purchased the Carol Cable Company. Such acquisitions always lead to questions about a corporation's existing manufacturing capacity and costs, so Monticello's economic developers should find out as much as they can about this situation, beginning with a discussion with the local plant manager.

Trade associations and their publications are also a good source of information on trends in general industries and on the performance and prospects of companies within those industries. The Gale *Encyclopedia of Associations* is an invaluable reference in finding trade associations and contacts. A quick check of the *Encyclopedia* indicates that there is indeed an Insulated Cable Engineers Association, based in South Yarmouth, Massachusetts (Exhibit 6). A call or letter to this association is likely to reveal that they have publications indicating what is happening to the industry as a whole. Trade association officers are generally (though not always) happy to chat about their industry.

A good source of background information on the characteristics and health of your local retail economy business is *County Business Patterns*. Published annually by the U.S. Department of Commerce, this publication provides data for all counties and for communities of more than 2,500 population in the United States (Exhibit 7). For areas with small populations, the data are sometimes grouped into very broad categories of businesses and may not be complete because of disclosure rules governing publication of federal statistical data. Even so, a review of the past several years' *County Business Patterns* will generally provide some factual data to back up (or perhaps contradict) your perceptions of how well the local business community is doing. Note, however, that *County Business Patterns* indicates only private sector employment; some large employers such as the public schools, are absent.

For Piatt County, *County Business Patterns* shows that there were 624 manufacturing employees in 14 manufacturing plants on the date of the survey. One of these (which we know was General Cable) was a large facility, with 250 to 499 employees. The only other major concentration of industry was in general industrial machinery (SIC 3569). In terms of retail trade, *County Business Patterns* shows 84 retail establishments and 596 employees, with eating and drinking places being by far the largest subcategory.

Exhibit 6
Entries from the *Encyclopedia of Associations*, including Insulated Cable Engineers Association

•6121• IEEE ENGINEERING MANAGEMENT SOCIETY (EMS)
c/o Inst. of Electrical and Electronics Engineers
345 E. 47th St. Phone: (212) 705-7867
New York, NY 10017 Paul A. Willis, Pres.
Founded: 1950. **Members:** 8550. **Budget:** Less than $25,000. **Local Groups:** 35. A society of the Institute of Electrical and Electronics Engineers (see separate entry). Gathers and disseminates information concerning management science as applied to all aspects of the production and operation of electronic components and systems. Studies socioeconomic implications of emerging electronic technologies. Sponsors book series for IEEE; operates speakers' bureau; compiles statistics; bestows Engineering Manager of the Year Award and IEEE Engineering Recognition Award. **Committees:** Chapters; Education; History; Nominations; Professional Activities. **Publications:** (1) Engineering Management Review, quarterly. (2) Transactions on Engineering Management, quarterly. **Formerly:** (1958) IRE Management Engineering Group. **Convention/Meeting:** annual conference (with exhibits) - 1988 Oct. 24-26, Dayton, OH; 1989 Sept. 10-13, Toronto, ON, Canada; 1990 fall, Santa Clara, CA.

•6122• INSTITUTE FOR THE ADVANCEMENT OF ENGINEERING (IAE)
P.O. Box 1305 Phone: (818) 992-8292
Woodland Hills, CA 91365 Lloyd W. Higginbotham, Exec. Mgr.
Founded: 1967. **Members:** 1500. **Staff:** 1. **Budget:** $25,000. Engineers, educators, business and community leaders, and professional technical societies. Purposes are to: advance the art and science of engineering; provide guidance to further the education of engineers. Acts as a liaison between the general public, engineers, engineering societies, industry, and government. Sponsors lectures, competitions, exhibitions, meetings, and community action program. Awards fellowships and scholarships. Also presents awards annually in four categories: Engineering Merit awards to individuals; Engineering Project Achievement awards to organizations, companies or consulting firms; Engineer of the Year Award; Engineering Service Award. Computerized Services: Data base. **Convention/Meeting:** None.

•6123• INSTITUTE OF INDUSTRIAL ENGINEERS (Engineering) (IIE)
25 Technology Park/Atlanta Phone: (404) 449-0460
Gregory Baiestrero, Acting Exec. Dir.
[illegible] 800. Semi-
[illegible]terly. (4) Transactions, quarterly. [illegible] individual materials, software, and reports. **Absorbed:** (1982) Industrial Management Society. **Formerly:** (1981) American Institute of Industrial Engineers. **Convention/Meeting:** semiannual conference and show - 1988 (next) Oct. 30-Nov. 2, St. Louis, MO; 1989 May 14-17, Toronto, ON, Canada and Nov. 12-15, Atlanta, GA; 1990 May 20-23, San Francisco, CA and undetermined.

•6124• INSULATED CABLE ENGINEERS ASSOCIATION (Engineering) (ICEA)
P.O. Box P Phone: (617) 394-4424
South Yarmouth, MA 02664 Edward E. McIlveen, Sec.-Treas.
Founded: 1925. **Members:** 105. **Staff:** 2. **Budget:** $65,000. Professional society of insulated cable engineers. Promotes the reliability of insulated conductors for the transmission and distribution of electric energy, control and instrumentation of equipment, and communications. Principal activity is the development of standards for insulated wire and cable. Conducts research programs. Publishes standards, guides, and books. **Sections:** Communications Cable; Control and Instrumentation; Extruded Dielectric Power Cable; Laminar Dielectric Power Cable; Portable Cable. **Formerly:** Insulated Power Cable Engineers Association. **Convention/Meeting:** annual conference - 1988 Sept. 27-30, Callaway Gardens, GA; 1989 Sept. 19-22, Heritage Village, CT.

•6125• INTERNATIONAL ASSOCIATION OF CYLINDRICAL HYDRAULIC ENGINEERS (Engineering) (IACHE)
37 Ridgeview Dr. Phone: (205) 457-6977
Chickasaw, AL 36611 Philip R. Williams, Exec. Dir.
Founded: 1985. **Members:** 31. **Staff:** 2. **Budget:** Less than $25,000. **Regional Groups:** 3. Professional cylindrical hydraulic engineers and interested individuals. (Cylindrical hydraulic engineering refers to the use of fluids controlled by a cylinder to regulate the movement of machine parts.) Conducts research and disseminates information on new design techniques; provides professional training for members. Bestows awards for new literature in cylindrical hydraulics. Maintains small library; compiles statistics. **Publications:** Bulletin, periodic. **Convention/Meeting:** annual.

•6126• INTERNATIONAL GAS TURBINE INSTITUTE (Engineering) (IGTI)
4250 Perimeter Park, S., #108 Phone: (404) 451-1905
Atlanta, GA 30341 Donald D. Hill, CAE, Mng. Dir. & CEO
Founded: 1946. **Budget:** $1,000,000. Educational and technical institute of the American Society of Mechanical Engineers (see separate entry). Provides a forum for the exchange of research and information on gas turbine technology. Conducts home study courses. Bestows Tom Sawyer, Gas Turbine, and John P. Davis awards. Maintains archives. **Telecommunications Services:** Telex, 707340 IGTC ATL. **Publications:** (1) Global Gas Turbine News, quarterly; (2) Annual International Gas Turbine and Aeroengine Technology Report; (3) Annual Who's Who in Gas Turbine Technology; also publishes congress-related materials. **Formerly:** Gas Turbine Division, which was also known as International Gas Turbine Center. **Convention/Meeting:** annual International Gas Turbine and Aeroengine Congress (with exhibits) - 1989 June, Toronto, ON, Canada; 1990 June 10-14, Brussels, Belgium. Also holds annual ASME Cogen-Turbo conference (with exhibits) - 1988 Aug. 30-Sept. 1, Montreaux, Switzerland; 1989 People's Republic of China (tentative).

•6127• INTERNATIONAL SOCIETY OF FLYING ENGINEERS (Engineering) (ISFE)
c/o George Doane
8506 Louis Dr.
Huntsville, AL 35802 George Doane, Sec.-Treas.
Founded: 1966. **Members:** 600. **Budget:** Less than $25,000. **Regional Groups:** 2. Engineers who fly as student, private, or commercial pilots. Promotes professionalism in flying and engineering by bringing together engineers who fly as an avocation or hobby; promotes business flying for engineers; a greater application of engineering to aviation safety and piloting techniques and engineering registration for flying engineers. Encourages greater acceptance of personal private flying on company business. Holds semiannual regional meeting. **Committees:** Technical Review. **Publications:** (1) Manual Flying, annual. (2) Roster, annual. **Convention/Meeting:** annual conference.

[illegible] Korean. Operates [illegible] Membership Directory, triennial. Convention[illegible] September, Washington, DC.

•6129• MEXICAN-AMERICAN ENGINEERING SOCIETY (MAES)
P.O. Box 3520 Phone: (805) 378-2619
Fullerton, CA 92634 Ralph A. De La Parra, V. Pres.
Founded: 1974. **Members:** 300. **Budget:** $100,000. **Local Groups:** 11. Mexican-American engineers, scientists, and persons in administrative positions directly related to the engineering or scientific fields; college students in engineering or science. Purpose is to increase opportunities and recognition for Mexican-Americans in engineering and science. Promotes placement of Hispanics in professional engineering and scientific positions; fosters cooperation among industry, government, and the academic and professional communities to improve educational and employment opportunities for Mexican-American engineers and scientists. Maintains speakers' bureau and placement service; conducts annual training retreat; operates biographical archives and hall of fame. Sponsors PACE, an educational program to motivate high school and junior high school students toward engineering and science-related fields. Bestows annual MAES Gold Medal Awards to Hispanics who have contributed to the advancement of Mexican-Americans in science and engineering; recipients in turn must select an outstanding engineering or science student to whom the Padrino Scholarship is awarded. Compiles statistics on Mexican-American population through the cooperation of United school districts. **Committees:** Awards; Education; Government Communication Service; Professional Development; Scholarships. **Publications:** (1) National Newsletter, quarterly. (2) Student Chapter Newsletter, quarterly. (3) MAES Professional Directory, semiannual. (4) Annual National Symposium Proceedings. (5) Membership Directory, annual. **Convention/Meeting:** annual engineering symposium (with exhibits) - 1988 Sept. 13-15, Los Angeles, CA.

Exhibit 7

Data for Piatt County, Illinois, from *County Business Patterns*

Table 2. Counties—Employees, Payroll, and Establishments by Industry: 1986—Con.

[Excludes government employees, railroad employees, self-employed persons, etc. Size class 1 to 4 includes establishments having payroll but no employees during mid-March pay period. (D) denotes figures withheld to avoid disclosing data for individual companies. For meaning of abbreviations and symbols and explanation of terms, see introductory text.]

SIC code	Industry	Number of employees for week including March 12	Payroll ($1,000)		Total number of establishments	Number of establishments by employment-size class								
			First quarter	Annual		1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1,000 or more
	PIATT													
	Total	**2 574**	**9 732**	**38 429**	**350**	**211**	**75**	**41**	**19**	**2**	**1**	**1**	**-**	**-**
	Agricultural services, forestry, and fisheries	**(A)**	**(D)**	**(D)**	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Contract construction	**63**	**222**	**1 445**	**23**	**20**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Manufacturing	**824**	**2 977**	**12 354**	**14**	**5**	**1**	**4**	**2**	**1**	**-**	**1**	**-**	**-**
28	Chemicals and allied products	(B)	(D)	(D)	2	-	-	1	1	-	-	-	-	-
33	Primary metal industries	(E)	(D)	(D)	1	-	-	-	-	-	-	1	-	-
335	Nonferrous rolling and drawing	(E)	(D)	(D)	1	-	-	-	-	-	-	1	-	-
3357	Nonferrous wire drawing and insulating	(E)	(D)	(D)	1	-	-	-	-	-	-	1	-	-
35	Machinery, except electrical	(B)	(D)	(D)	1	-	-	-	-	1	-	-	-	-
356	General industrial machinery	(B)	(D)	(D)	1	-	-	-	-	1	-	-	-	-
3569	General industrial machinery, n.e.c.	(B)	(D)	(D)	1	-	-	-	-	1	-	-	-	-
	Transportation and other public utilities	**296**	**1 363**	**4 119**	**29**	**13**	**10**	**2**	**3**	**-**	**1**	**-**	**-**	**-**
41	Local and interurban passenger transit	139	97	373	4	-	2	1	-	-	1	-	-	-
42	Trucking and warehousing	66	167	991	12	6	4	1	1	-	-	-	-	-
421	Trucking, local and long distance	(B)	(D)	(D)	11	5	4	1	1	-	-	-	-	-
49	Electric, gas, and sanitary services	(B)	(D)	(D)	5	2	2	-	1	-	-	-	-	-
	Wholesale trade	**295**	**1 209**	**5 139**	**38**	**7**	**21**	**8**	**2**	**-**	**-**	**-**	**-**	**-**
50	Wholesale trade—durable goods	(B)	(D)	(D)	9	2	4	3	-	-	-	-	-	-
508	Machinery, equipment, and supplies	(B)	(D)	(D)	7	1	3	3	-	-	-	-	-	-
5083	Farm machinery and equipment	(B)	(D)	(D)	6	1	3	2	-	-	-	-	-	-
51	Wholesale trade—nondurable goods	208	888	3 886	26	5	16	3	2	-	-	-	-	-
515	Farm-product raw materials	75	355	1 636	12	1	10	1	-	-	-	-	-	-
5153	Grain	75	355	1 636	12	1	10	1	-	-	-	-	-	-
519	Miscellaneous nondurable goods	113	452	1 906	12	4	5	1	2	-	-	-	-	-
5191	Farm supplies	(C)	(D)	(D)	11	3	5	1	2	-	-	-	-	-
	Retail trade	**598**	**1 204**	**4 867**	**84**	**43**	**19**	**16**	**6**	**-**	**-**	**-**	**-**	**-**

54	Food stores	146	286	1 142	10	2	1	5	2	-	-	-	-	-
541	Grocery stores	(C)	(D)	(D)	7	1	-	4	2	-	-	-	-	-
55	Automotive dealers and service stations	105	439	1 628	14	5	5	3	1	-	-	-	-	-
551	New and used car dealers	62	365	1 350	4	-	1	2	1	-	-	-	-	-
58	Eating and drinking places	208	190	848	28	13	6	7	2	-	-	-	-	-
5812	Eating places	138	100	552	17	6	4	6	1	-	-	-	-	-
59	Miscellaneous retail	53	122	585	15	10	4	1	-	-	-	-	-	-
	Finance, insurance, and real estate	**215**	**809**	**3 562**	**29**	**13**	**7**	**5**	**3**	**-**	**-**	**-**	**-**	**-**
60	Banking	139	589	2 481	8	-	2	3	3	-	-	-	-	-
602	Commercial and stock savings banks	139	589	2 481	8	-	2	3	3	-	-	-	-	-
	Services	**435**	**1 849**	**8 251**	**87**	**64**	**11**	**8**	**3**	**1**	**-**	**-**	**-**	**-**
80	Health services	170	824	3 065	21	16	1	2	1	1	-	-	-	-
806	Hospitals	(B)	(D)	(D)	1	-	-	-	-	1	-	-	-	-
86	Membership organizations	94	75	294	27	23	1	2	1	-	-	-	-	-
866	Religious organizations	61	56	210	19	16	1	2	-	-	-	-	-	-
	Unclassified establishments	**(B)**	**(D)**	**(B)**	**46**	**43**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

More importantly, however, a comparison with data for five previous years indicates that the number of establishments and level of employment in retail trade are declining in Piatt County and that the dollar value retail sales grew by only about three percent over the last five years. When inflation is taken into account, the value of retail sales in Piatt County is declining, in sharp contrast to neighboring Champaign and Macon counties, which have cities of about 100,000 population (Champaign-Urbana and Decatur) and regional shopping malls. *County Business Patterns* clearly shows that leakage of retail trade out of Monticello and Piatt County is an increasing problem.

Other statistical data can be obtained from the *Census of Retail Trade* and the *Census of Wholesale Trade*. These censuses are conducted by the U.S. Department of Commerce every five years. Recognize, however, that the time lag between collection and publication of data is likely to be two to three years. To get more detailed and up-to-date information, you will probably want to survey local businesses as part of a more comprehensive business retention program (see chapter 8).

Census of Retail Trade data for Monticello and Piatt County are presented in Exhibit 8. These data largely confirm the trends shown in *County Business Patterns*. Also, the *Census of Retail Trade* shows that the number of retail establishments is almost evenly split between Monticello and the rest of the county, but that Monticello exceeds the rest of the county by more than four to one in retail sales and payrolls, indicating that businesses in Monticello are, on average, much larger and more prosperous.

The basic source of information on local population trends in the United States is the decennial *Census of Population and Housing*, conducted by the U.S. Bureau of the Census. The *Census of Population and Housing* provides data on population size, age, race, sex, and a host of socioeconomic and housing characteristics. A review of census data for your area is bound to provide some interesting insights, especially if you use national and state data as a benchmark for comparison.

Monticello census data on income and poverty status (Exhibit 9) show that the community is prosperous. For example, only 3.8 percent of the families were classified as being below the poverty level. It must be recognized, however, that the data from the 1980 census are now old and may no longer reflect actual conditions in the community.

A good, easy-to-use source of comparative data for major social and economic characteristics is the *County and City Data Book*, which provides hundreds of pieces of carefully selected information for each county in the United States. This includes not only information from the

of Population, but also data from other sources such as the Federal Bureau of Investigation *Uniform Crime Reports*.

The full range of *County and City Data Book* information is indicated by the table of subjects covered (Exhibit 10). Specific data for a sample of topics—nursing homes, social welfare programs, crime, and education—are provided for Piatt County in Exhibit 11. Through comparison with other areas, the meaning of these data becomes obvious. For example, a comparison of Piatt County data from this table with data for adjacent Macon County shows that Piatt County has a much lower crime rate (less than one quarter of Macon County's), has high levels of education in terms of years of school completed, and spends more money per capita on schools. This information indicates that Monticello and Piatt County can realistically promote themselves as having a safe living environment, a highly educated work force, and a commitment to education.

Increasingly, data are being provided by a wide variety of privately operated, for-profit demographic information services. These services provide customized, frequently (generally annually) updated data to local governments and businesses for planning and marketing purposes. These services can provide tabulations, maps, and other graphic displays of social and economic data for virtually any geographic area.

Costs for each type of data and each area for which data are provided are generally modest under the pricing systems of these data services. But be aware that the total cost for getting a wide range of data or data for comparison communities can quickly soar. Also, my own experience indicates that demographic services often engage in sales hype and do not deliver data that are as comprehensive or up-to-date as their sales brochures appear to promise. While they may use a variety of data sources, basic information for the data services is either derived from or calibrated on the basis of the U.S. census. Sometimes, moreover, the updating and estimating procedures that demographic data services use can introduce a high level of error in the data for smaller communities and rural areas.

Commercial data services are worthwhile if you know what you want, have the financial resources to use them, and recognize the limitations of the data they provide. A good introduction to demographic data services can be obtained by perusing recent issues of *American Demographics* magazine (see bibliography), including especially the advertisements by the various demographic database companies.

Your state employment service can provide a good deal of information on employment trends and projections as well as unemployment levels, generally on a county basis. Data on governmental finances can

Exhibit 8

Retail Trade Data for Monticello and Piatt County and Other Illinois Cities and Counties from the *Census of Retail Trade*

Table 5. Summary Statistics for Counties and for Places With 2,500 Inhabitants or More:

Includes only establishments with payroll. For meaning of abbreviations and symbols, see introductory text. For explanation of terms and comparability of 1982 and 1987 censuses, including

	Geographic area	Establishments (number)	Sales ($1,000)	Annual payroll ($1,000)	First quarter payroll $1,000)	Paid employees for pay period including March 12 (number)	Unincorporated businesses: Individual proprietorships (number)	Unincorporated businesses: Partnerships (number)	Kind-of-business groups: Building materials and garden supplies stores (SIC 52) Number	Building materials and garden supplies stores (SIC 52) Sales ($1,000)	General merchandise stores (SIC 53) Number	General merchandise stores (SIC 53) Sales ($1,000)	Food stores (SIC 54) Number	Food stores (SIC 54) Sales ($1,000)
	Illinois – Con.													
1	Ogle County	270	152 350	16 053	3 712	1 847	126	27	19	8 641	7	(D)	31	41 594
2	Mount Morris	16	7 469	713	159	106	8	2	2	(D)	1	(D)	2	(D)
3	Oregon	63	29 163	3 077	618	343	38	4	3	(D)	1	(D)	7	9 174
4	Polo	22	4 174	500	125	75	9	4	1	(D)	-	-	2	(D)
5	Rochelle	90	73 255	8 051	1 919	850	32	9	6	4 235	2	(D)	9	7 768
6	Balance of county	79	38 289	3 712	891	473	39	9	7	2 433	3	(D)	11	2 054
7	Peoria County	1 232	1 243 242	142 906	34 799	15 527	316	54	46	72 574	23	196 297	120	204 377
8	Bartonville	43	35 087	3 946	938	406	14	3	2	(D)	1	(D)	7	(D)
9	Chillicothe	57	59 942	4 884	1 144	591	18	6	2	(D)	2	(D)	4	(D)
10	Pekin (part) ▲	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Peoria	861	921 705	108 901	25 950	12 008	195	32	29	45 179	19	154 279	72	138 406
12	Peoria Heights (part) ▲	65	(D)	(D)	(D)	(D)	20	1	1	(D)	3	(D)	5	(D)
13	Balance of county	206	(D)	(D)	(D)	(D)	69	12	12	(D)	4	(D)	28	34 034
14	Perry County	147	81 062	9 193	2 171	1 088	80	6	13	4 179	6	(D)	16	20 000
15	Du Quoin	80	59 572	6 425	1 505	732	43	1	4	2 629	2	(D)	10	13 648
16	Pinckneyville	42	17 091	2 109	524	267	22	3	5	1 211	3	(D)	3	(D)
17	Balance of county	25	4 399	659	142	89	15	2	4	546	1	(D)	3	(D)
18	Piatt County	83	60 644	5 312	1 169	657	42	7	5	1 119	1	(D)	8	13 306
19	Monticello	43	49 880	4 219	918	477	13	4	2	(D)	1	(D)	3	9 430
20	Balance of county	40	10 764	1 093	251	180	29	3	4	(D)	-	-	5	4 876

revised methodology for presenting establishment counts, see appendix A. For information on geographic areas followed by Δ, see appendix F.]

Kind-of-business groups—Con.

Automotive dealers (SIC 55 ex. 554)		Gasoline service stations (SIC 554)		Apparel and accessory stores (SIC 56)		Furniture and homefurnishings stores (SIC 57)		Eating and drinking places (SIC 58)		Drug and proprietary stores (SIC 591)		Miscellaneous retail stores (SIC 59 ex. 591)		
Number	Sales ($1,000)	Number	Sales ($1,000)	Number	Sales ($1,000)	Number	Sales ($1,000)	Number	Sales ($1,000)	Number	Sales ($1,000)	Number	Sales ($1,000)	
28	39 783	28	18 850	28	3 792	12	2 542	70	11 913	9	5 349	44	(D)	1
-	-	3	2 067	2	(D)	-	-	5	739	1	(D)	-	-	2
3	9 646	4	2 155	9	590	5	(D)	17	2 833	2	(D)	12	2 010	3
3	714	4	1 090	2	(D)	1	(D)	5	213	1	(D)	3	(D)	4
10	21 876	6	5 947	12	2 640	5	1 287	19	4 636	2	(D)	19	(D)	5
6	7 547	11	7 591	3	338	1	(D)	24	3 492	3	1 025	10	3 101	6
68	223 854	88	80 647	123	61 756	89	62 100	373	120 317	49	48 495	247	172 225	7
-	-	4	5 332	-	-	-	-	17	3 621	4	4 095	8	1 587	8
5	(D)	4	(D)	6	3 542	1	(D)	14	3 604	4	(D)	11	1 759	9
-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
48	138 020	53	48 874	102	53 555	79	60 067	247	92 036	31	33 827	181	157 462	11
4	(D)	3	(D)	9	(D)	3	(D)	14	3 780	2	(D)	21	5 949	12
11	53 143	24	19 818	6	(D)	6	(D)	61	17 273	8	4 228	26	5 468	13
11	8 812	19	15 529	13	2 686	11	2 062	28	6 444	7	5 692	23	(D)	14
7	8 225	8	11 348	8	1 557	6	1 589	17	3 883	5	(D)	13	(D)	15
2	(D)	8	3 671	2	(D)	4	(D)	8	2 133	2	(D)	5	(D)	16
2	(D)	3	510	3	(D)	1	(D)	3	428	-	-	5	(D)	17
9	27 498	9	4 592	3	325	5	2 228	26	4 711	3	(D)	13	1 852	18
8	(D)	3	3 033	1	(D)	4	(D)	10	3 131	3	(D)	8	738	19
1	(D)	6	1 559	2	(D)	1	(D)	16	1 580	-	-	5	1 004	20

Exhibit 9
Sample Data on Income and Poverty Status for Monticello and other Illinois Communities from the *Census of Population*

Table 168. **Income and Poverty Status in 1979 for Places of 2,500 to 10,000: 1980**—Con.

[Data are estimates based on a sample; see introduction. For meaning of symbols, see introduction. For definitions of terms, see appendixes A and B]

Places	Marshall city	Wasco/Irish city	Mason City city	Mendota city	Metropolis city	Milan village	Millstadt village	Mokena village	Momence city	Montgomery village	Monticello city
INCOME IN 1979											
Households	1 519	1 720	1 095	2 667	2 912	2 257	947	1 539	1 250	1 216	1 778
Less than $5,000	297	203	153	286	633	295	96	50	220	43	144
$5,000 to $7,499	177	162	85	212	362	159	55	70	127	60	116
$7,500 to $9,999	143	175	76	154	285	135	71	74	135	69	105
$10,000 to $14,999	272	216	137	471	441	216	112	219	141	217	263
$15,000 to $19,999	214	231	185	429	391	330	137	208	185	177	245
$20,000 to $24,999	143	201	133	378	215	388	124	279	200	187	275
$25,000 to $34,999	192	355	190	503	391	496	208	351	160	269	353
$35,000 to $49,999	57	124	73	138	126	190	96	219	58	153	203
$50,000 or more	24	53	63	96	68	48	48	59	24	41	74
Median	$12 391	$17 114	$17 671	$16 978	$11 753	$19 896	$20 087	$21 842	$15 040	$21 842	$20 305
Mean	$16 204	$19 537	$21 025	$19 361	$15 575	$20 851	$22 202	$23 876	$16 288	$22 946	$23 232
Families	985	1 336	783	1 910	2 102	1 665	775	1 226	908	926	1 345
Median income	$17 149	$20 707	$20 521	$20 486	$15 755	$22 079	$23 197	$24 318	$18 220	$24 509	$22 941
Mean income	$20 151	$21 896	$23 892	$22 271	$18 973	$24 479	$25 241	$26 031	$19 391	$25 614	$26 346
Unrelated individuals 15 years and over	539	430	335	901	830	726	177	407	347	386	494
Median income	$5 953	$8 872	$6 192	$8 473	$4 262	$5 750	$6 659	$11 894	$6 080	$11 667	$10 791
Mean income	$8 499	$10 094	$12 701	$10 073	$6 434	$8 554	$8 273	$11 797	$7 934	$11 254	$11 818
Per capita income	$6 849	$6 837	$8 390	$7 414	$6 341	$7 549	$7 719	$8 039	$6 226	$8 391	$8 781
MEDIAN INCOME IN 1979 BY SELECTED CHARACTERISTICS											
Family type by presence of own children											
Families	$17 149	$20 707	$20 521	$20 486	$15 755	$22 079	$23 197	$24 318	$18 220	$24 509	$22 941
With own children under 18 years	$19 167	$21 648	$20 455	$21 690	$16 784	$22 825	$25 257	$25 040	$20 385	$25 000	$23 726
With own children under 6 years	$17 083	$17 240	$18 893	$17 386	$12 171	$20 583	$21 548	$21 926	$16 535	$23 882	$21 154
Without own children under 18 years	$15 592	$19 955	$20 594	$18 703	$14 851	$21 427	$21 129	$23 103	$14 778	$23 973	$22 365
Married-couple families	$18 232	$23 736	$21 218	$21 438	$17 162	$23 750	$24 375	$26 207	$19 725	$25 877	$24 587
With own children under 18 years	$22 635	$24 318	$21 014	$22 969	$18 649	$25 479	$26 573	$26 545	$21 067	$27 542	$26 157
With own children under 6 years	$18 661	$22 411	$18 893	$18 271	$14 091	$21 932	$22 440	$22 221	$17 149	$24 821	$22 147
Without own children under 18 years	$16 184	$22 037	$21 406	$19 607	$16 060	$21 387	$21 573	$25 644	$16 198	$24 534	$23 250
Female householder, no husband present	$8 937	$6 649	$14 008	$11 827	$7 619	$10 938	$10 000	$10 625	$9 612	$11 250	$11 012
With own children under 18 years	$8 929	$5 446	$13 625	$9 167	$6 319	$10 000	$9 107	$10 921	$11 042	$6 042	$11 548
With own children under 6 years	$7 604	$4 643	-	$8 000	$5 625	$8 333	$3 750	$11 833	$8 125	$3 750	$6 922
Without own children under 18 years	$8 958	$11 750	$15 625	$15 952	$9 196	$12 344	$15 208	$9 868	$8 869	$20 278	$9 375
Workers in family in 1979:											
No workers	$8 250	$6 636	$11 458	$10 978	$7 391	$7 244	$9 440	$11 953	$7 396	$10 227	$10 278
1 worker	$12 758	$14 914	$20 389	$14 816	$13 733	$18 333	$17 218	$20 047	$16 008	$21 023	$20 150
2 workers	$18 909	$24 886	$21 797	$23 111	$19 727	$25 260	$25 682	$26 272	$21 667	$25 755	$23 666
3 or more workers	$25 000	$29 931	$30 522	$32 572	$31 923	$34 522	$37 493	$38 972	$25 677	$40 892	$31 275
INCOME TYPE IN 1979											
Households	1 519	1 720	1 095	2 667	2 912	2 257	947	1 539	1 250	1 216	1 778
With earnings	1 210	1 405	811	2 183	2 008	1 861	777	1 401	966	1 053	1 526

Mean earnings	$15 668	$19 174	$21 545	$19 117	$17 097	$22 149	$22 786	$24 088	$17 009	$22 784	$22 004
With Social Security income	569	447	404	870	1 204	605	266	216	435	276	552
Mean Social Security income	$3 958	$3 710	$4 264	$4 077	$3 921	$3 883	$4 442	$3 925	$4 039	$5 026	$4 133
With public assistance income	48	114	23	70	313	82	35	93	83	47	44
Mean public assistance income	$1 322	$2 634	$983	$2 091	$1 979	$1 631	$2 563	$1 695	$1 773	$3 024	$1 568
ALL INCOME LEVELS IN 1979											
Families	**985**	**1 336**	**783**	**1 910**	**2 102**	**1 665**	**775**	**1 226**	**908**	**924**	**1 345**
Householder worked in 1979	782	1 021	603	1 515	1 506	1 418	628	1 137	716	769	1 182
With related children under 18 years	465	699	380	958	923	1 001	412	796	450	480	584
With related children 5 to 17 years	379	552	312	741	745	775	300	569	349	425	570
Female householder, no husband present	136	212	48	180	284	153	52	114	121	73	163
Householder worked in 1979	127	101	37	87	158	122	38	84	78	52	151
With related children under 18 years	94	122	21	111	174	131	43	75	84	52	96
With related children under 6 years	49	44	-	35	75	51	15	29	48	8	31
Householder 65 years and over	162	228	161	374	494	166	118	83	180	119	221
Unrelated individuals for whom poverty status is determined	**559**	**630**	**335**	**901**	**850**	**726**	**177**	**607**	**347**	**386**	**694**
Worked in 1979	301	254	138	551	331	418	79	314	185	306	304
65 years and over	308	172	199	387	525	249	92	52	183	72	250
Persons for whom poverty status is determined	**3 534**	**4 798**	**2 719**	**6 956**	**6 899**	**6 205**	**2 633**	**4 578**	**3 226**	**3 348**	**4 634**
Related children under 18 years	871	1 433	739	1 945	1 630	1 973	709	1 577	946	869	1 306
Related children 5 to 17 years	617	1 076	550	1 388	1 225	1 419	515	1 091	710	629	1 015
60 years and over	955	744	690	1 392	1 798	797	421	373	668	623	331
65 years and over	677	535	504	1 019	1 387	553	314	240	521	280	538
INCOME IN 1979 BELOW POVERTY LEVEL											
Families	**96**	**157**	**33**	**83**	**231**	**59**	**33**	**44**	**56**	**26**	**51**
Percent below poverty level	9 7	11 8	4 2	4 5	11 0	3 5	4 3	3 6	6 2	2 8	3 8
Householder worked in 1979	65	97	15	38	97	31	16	38	48	14	44
With related children under 18 years	50	105	15	71	145	37	22	44	42	20	44
With related children 5 to 17 years	36	98	7	52	111	20	22	19	27	12	30
Female householder, no husband present	35	86	5	42	95	12	16	13	23	26	9
Householder worked in 1979	35	39	-	24	34	8	11	13	15	14	9
With related children under 18 years	21	62	-	42	71	5	16	13	23	20	9
With related children under 6 years	15	29	-	12	34	5	10	7	19	8	6
Householder 65 years and over	15	25	5	9	40	-	4	-	-	-	5
Unrelated individuals for whom poverty status is determined	**189**	**78**	**59**	**188**	**368**	**201**	**53**	**59**	**78**	**26**	**63**
Percent below poverty level	33 8	19 1	17 6	20 9	43 3	27 7	21 5	14 5	22 5	6 7	32 2
Worked in 1979	76	22	14	65	65	53	8	21	19	15	28
65 years and over	105	53	51	126	257	87	18	22	40	-	22
Persons for whom poverty status is determined	**664**	**664**	**160**	**498**	**1 108**	**392**	**133**	**233**	**293**	**79**	**237**
Percent below poverty level	13 1	13 8	5 9	7 2	15 9	6 3	5 0	5 1	9 1	2 4	6 9
Related children under 18 years	84	314	36	176	298	78	48	90	120	20	90
Related children 5 to 17 years	51	251	21	107	210	34	40	35	61	10	53
60 years and over	166	92	74	152	450	110	39	22	52	7	63
65 years and over	137	96	62	145	337	87	28	22	40	-	52
INCOME IN 1979 BELOW 125 PERCENT OF POVERTY LEVEL											
Families	**140**	**216**	**65**	**139**	**331**	**111**	**48**	**82**	**73**	**45**	**87**
Female householder, no husband present	54	114	5	54	109	27	16	33	31	32	36
Unrelated individuals for whom poverty status is determined	**224**	**98**	**102**	**283**	**437**	**288**	**56**	**69**	**140**	**35**	**301**
Persons for whom poverty status is determined	**616**	**856**	**202**	**774**	**1 487**	**677**	**194**	**337**	**423**	**170**	**855**
Related children under 18 years	122	380	67	250	397	168	57	113	162	90	455
65 years and over	175	135	140	208	485	176	48	55	98	10	54

Exhibit 10
Subjects Covered in the *County and City Data Book*

SUBJECTS COVERED, BY TYPE OF AREA

[Subjects covered in this volume are indicated by an "X" in the applicable geographic column. State data are found in table A on pages 1-14; county data in table B on pages 15-600; city data in table C on pages 601-729; and data for places in table D on pages 731-795]

Subject	States and Counties	Cities	Places
Land area	x	x	
Population:			
Total persons	x	x	x
Ranks	x	x	
Per square mile	x	x	
Components of change	x	x	
Race	x	x	
Hispanic	x	x	
Sex	x		
Age	x	x	
Households, number and type	x	x	
Vital statistics:			
Births	x	x	
Deaths	x	x	
Marriages	x		
Divorces	x		
Health:			
Physicians	x		
Hospitals	x	x	
Nursing homes	x		
Social Insurance and health services:			
Social Security program	x		
Supplemental Security Income Program	x		
Labor force:			
Employment status	x	x	
Unemployment	x	x	
Annual payroll	x		
Agriculture:			
Farm earnings	x		
Farms	x		
Operators	x		
Size	x		
Farmland	x		
Value of farmland and buildings	x		
Value of farm products sold	x		
Manufactures:			
Earnings	x	x	
Establishments	x	x	
All employees	x	x	
Production workers	x	x	
Value added	x	x	
Value of shipments	x	x	
New capital expenditures	x	x	
Construction	x		
Wholesale Trade:			
Establishments	x	x	
Sales	x	x	

Crime and law enforcement:				Paid employees	x	x
Number	x	x		Annual payroll	x	x
Police officers		x		Retail Trade:		
Education:				Establishments	x	x
School enrollment	x			Sales	x	x
Attainment	x	x		Paid employees	x	x
Local government expenditures	x			Annual payroll	x	x
Income:				Service industries:		
Money income:				Establishments	x	x
Per capita	x	x	x	Receipts, by selected kinds of business	x	x
Households	x			Employees	x	x
Personal income	x			Payroll	x	x
Transfer payments	x			Bank deposits	x	
Earnings by industry	x			Savings capital	x	
Farm earnings	x			Federal funds and grants	x	x
Poverty status:				Government: /		
Persons	x	x		Employment	x	x
Families	x	x		Finances	x	x
Housing:				General revenue by source	x	x
Total units	x	x		Direct general expenditure by function	x	
Year-round units		x		General debt outstanding	x	x
Occupied units	x	x		Form of government		x
Owner	x	x		Elections	x	
With 2 or more automobiles	x			Climate		x
Median value	x	x		Electric bills		x
Built 1939 or earlier		x				
With 5 or more units		x				
Building permits	x	x				

Exhibit 11

Sample Data for Piatt and Other Illinois Counties from the *County and City Data Book*

Table B. Counties — Nursing Homes, Social Welfare Programs, Crime, and Education

County	Nursing homes,[1] 1986		Social Security Program, December 1985			Supplemental Security Income Program, recipients, June 1986	Serious crimes known to police,[3] 1985			Education					
			Beneficiaries		Payments		Number			Public school enrollment[4]		Attainment,[5] 1980		Local government expenditures for education,[6] 1982	
	Number	Beds	Total	Rate[2]	($1 000)		Total	Violent[4]	Rate[3]	1986-1987	1980	Percent 12 years or more	Percent 16 years or more	Total (Mil. dol.)	Per capita[6] (Dol.)
	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
ILLINOIS – Con.															
Franklin	8	556	10 390	244 5	4 297	752	649	41	1 503	7 511	8 295	52 2	6 7	18 9	438
Fulton	7	461	8 947	227 1	3 928	398	903	34	2 260	8 158	8 950	62 5	7 8	19 8	464
Gallatin	2	178	1 627	214 1	623	212	34	1	446	1 245	1 464	45 8	4 8	3 3	431
Greene	4	214	3 475	219 9	1 414	302	260	11	1 727	2 598	3 398	56 8	7 2	6 3	342
Grundy	2	221	4 887	156 1	2 322	94	637	22	2 031	7 024	6 353	66 7	9 7	20 1	660
Hamilton	3	146	2 305	253 3	848	196	17	2	582	1 478	1 666	47 0	6 4	4 0	414
Hancock	4	290	4 884	209 6	2 048	202	220	7	971	4 337	4 635	68 0	11 3	10 9	458
Hardin	1	50	1 174	221 5	462	160	34	5	617	1 027	1 080	42 0	5 6	2 7	499
Henderson	-	-	1 466	161 1	648	70	34	2	1 051	1 273	1 868	62 1	7 6	3 3	361
Henry	5	576	9 737	181 0	4 317	306	1 067	21	1 957	10 364	12 371	67 8	11 1	22 7	413
Iroquois	8	523	6 342	197 0	2 809	204	383	6	1 172	5 727	6 640	63 5	8 7	16 9	514
Jackson	3	709	7 730	127 8	3 315	884	3 588	184	5 831	8 041	8 580	69 7	26 4	20 9	326
Jasper	1	92	2 246	202 3	875	112	119	4	1 033	1 913	2 292	54 5	7 6	5 4	466
Jefferson	4	315	7 243	190 6	2 956	582	1 921	81	5 018	7 068	7 225	58 3	10 7	16 8	446
Jersey	4	276	3 010	148 3	1 289	226	520	10	2 556	2 970	3 967	59 3	8 2	6 7	327
Jo Daviess	3	120	4 229	190 7	1 761	132	226	8	368	4 494	4 943	64 7	9 9	9 7	412
Johnson	1	71	2 262	221 8	938	214	47	11	464	1 738	1 895	53 1	7 9	4 0	403
Kane	19	2 177	37 301	124 9	18 019	1 856	13 892	1 035	4 710	68 619	54 851	70 6	15 7	156 6	536
Kankakee	11	1 197	16 890	170 1	7 526	1 750	5 087	598	5 071	17 609	20 484	61 0	10 6	42 7	415
Kendall	2	151	3 094	83 4	1 497	54	809	29	2 194	7 415	8 647	76 9	14 4	15 4	416
Knox	7	771	10 925	189 3	4 864	746	2 198	70	4 002	9 720	11 314	68 4	11 1	21 4	357
Lake	22	3 277	48 074	103 3	23 268	2 492	19 666	1 508	4 269	84 057	47 144	77 6	25 1	239 8	531
La Salle	10	1 158	22 054	202 7	10 370	740	2 406	75	2 199	16 124	20 129	62 1	8 9	47 9	436
Lawrence	3	524	3 940	218 9	1 654	274	303	10	1 652	3 056	3 422	61 9	7 8	7 7	425
Lee	5	477	6 228	183 2	2 736	364	562	16	1 635	5 515	7 394	67 8	9 9	15 0	423
Livingston	8	744	6 714	165 0	3 101	568	755	26	1 847	6 646	7 814	63 3	10 1	21 7	529
Logan	6	542	5 729	184 2	2 566	484	932	31	3 020	3 988	5 396	66 4	11 9	12 0	385
McDonough	6	377	5 335	148 6	2 261	276	1 118	25	3 056	4 691	5 426	74 4	21 7	12 1	320
McHenry	7	864	19 850	124 8	9 591	446	4 179	195	2 665	26 760	31 751	74 9	17 1	64 9	431
McLean	11	1 103	15 403	125 8	7 111	772	5 568	301	4 525	18 668	18 675	76 0	22 8	48 6	403

Macon	10	1 185	20 069	156 5	9 265	1 638	6 157	492	4 827	21 608	25 078	68 5	12 9	49 4	[illegible]
Macoupin	10	773	10 784	220 5	4 620	524	572	50	1 155	9 721	9 559	60 3	7 9	22 6	[illegible]
Madison	21	2 043	43 048	173 4	19 523	3 202	11 128	669	4 487	41 777	46 439	62 8	11 0	107 0	[illegible]
Marion	6	547	9 121	207 8	3 697	774	1 292	107	2 936	8 293	8 281	56 4	8 8	20 2	[illegible]
Marshall	3	234	2 589	190 4	1 167	70	75	1	538	2 376	3 182	67 7	9 6	9 4	[illegible]
Marion	1	89	3 618	202 1	1 600	184	227	20	1 238	3 602	4 354	60 3	8 3	8 8	[illegible]
Massac	3	273	3 286	223 5	1 319	370	147	20	2 324	2 618	2 969	53 1	8 4	8 2	[illegible]
Menard	2	182	1 391	171 1	975	116	109	6	930	2 494	2 483	67 0	12 7	5 2	[illegible]
Mercer	2	195	3 142	166 2	1 344	104	172	-	905	3 847	4 481	67 5	8 6	9 0	[illegible]
Monroe	2	299	3 339	151 8	1 465	510	186	22	1 852	3 074	3 551	59 8	8 1	7 0	[illegible]
Montgomery	7	658	6 798	214 4	2 911	378	193	9	1 226	5 282	5 883	58 0	8 1	14 0	[illegible]
Morgan	6	676	6 742	183 7	2 926	756	1 525	48	4 091	5 837	6 804	67 5	14 1	16 0	[illegible]
Moultrie	5	561	3 118	216 5	1 381	418	169	7	1 155	1 996	2 709	59 1	9 2	4 5	[illegible]
Ogle	6	484	7 016	152 9	3 171	142	588	17	1 281	8 758	10 441	68 8	10 4	26 5	[illegible]
Peoria	15	1 927	31 882	163 4	15 061	2 158	10 463	1 282	5 426	29 252	35 408	69 3	16 1	80 7	[illegible]
Perry	4	243	4 235	192 5	1 793	208	266	36	1 190	3 422	4 200	55 0	9 1	8 1	[illegible]
Piatt	2	162	2 748	169 8	1 271	86	137	6	1 199	3 482	3 569	70 0	13 9	9 4	[illegible]
Pike	3	224	4 430	243 4	1 747	300	90	4	480	3 229	3 775	61 3	7 7	8 0	[illegible]
Pope	1	59	871	198 0	314	98	49	3	1 111	749	900	48 8	5 3	2 0	[illegible]
Pulaski	1	64	2 033	236 4	728	420	18	13	209	1 725	1 800	46 9	6 8	8 1	[illegible]
Putnam	-	-	1 031	171 8	471	18	65	2	1 046	1 028	1 356	65 8	9 3	3 5	[illegible]
Randolph	5	495	6 560	185 3	2 732	292	400	22	1 118	5 287	5 663	55 4	6 8	12 9	[illegible]
Richland	2	248	3 492	192 9	1 411	248	372	28	2 017	2 703	3 347	20 1	10 3	6 8	[illegible]
Rock Island	11	1 468	26 770	163 0	12 234	1 526	7 208	503	4 370	25 232	30 204	69 7	12 2	66 4	[illegible]
St. Clair	21	2 506	41 062	153 4	17 713	5 534	10 987	1 735	4 119	47 919	58 299	59 1	11 4	132 4	[illegible]
Saline	9	753	9 949	244 7	2 738	770	728	48	2 531	4 942	5 339	50 7	6 8	13 4	[illegible]
Sangamon	14	1 634	29 585	166 1	13 126	2 056	10 603	984	5 927	12 991	27 971	72 4	18 7	62 3	[illegible]
Schuyler	2	119	1 682	212 9	574	98	132	-	1 626	1 229	1 646	60 7	7 9	2 8	[illegible]
Scott	1	64	1 142	190 3	474	58	50	4	832	1 098	1 219	60 3	7 4	2 7	[illegible]
Shelby	3	198	4 676	199 8	1 460	256	313	2	1 312	4 003	4 837	60 7	7 5	9 7	[illegible]
Stark	1	136	1 495	216 7	460	52	56	1	798	1 383	1 624	68 7	9 3	4 1	[illegible]
Stephenson	5	523	9 939	180 6	4 012	424	1 745	173	3 497	7 973	9 708	67 5	11 2	19 5	[illegible]
Tazewell	11	1 196	19 332	152 3	9 127	358	3 124	131	2 421	22 178	27 720	68 7	11 8	44 3	[illegible]
Union	6	538	4 058	225 4	1 807	710	139	32	762	3 442	3 078	50 0	7 8	8 1	[illegible]
Vermilion	7	582	11 015	194 5	7 735	1 298	4 244	587	4 576	16 459	18 237	62 3	9 7	40 3	[illegible]
Wabash	2	269	2 516	179 7	1 079	172	399	12	2 804	2 327	2 619	62 2	8 7	5 4	[illegible]

be obtained from the various local governments. Compilations of comparable government financial data are often available in a state bluebook or statistical abstract.

The sources of information described above are some of the more important available. This is, however, by no means a complete tally of sources, nor can this handbook describe how to use these sources in detail. Your local librarian or a reference librarian at a nearby state university can be of great assistance. I suggest that you use these often overlooked individuals as allies in your development efforts.

Spotting Trends

An environmental scan should be much more than a compilation of data about your community. You should get out the crystal ball and look at the major trends that are influencing your community today and are likely to have an impact on it in the future. The major trends described in chapter 2 should be reviewed to see how they will influence your community. In addition, you should take a systematic look at some key business publications and ask: What does this mean for us?

My own favorite sources for trend-spotting are *The Wall Street Journal*, *Business Week*, and *U.S. News & World Report*. A quick scan of two or three months' worth of these publications is likely to reveal several trends that will have an impact on your development efforts by challenging existing businesses and industries or by providing new business opportunities. Other good sources include *Forbes* and *Fortune* magazines as well as the other major news weeklies (*Time* and *Newsweek*). It will not take long in looking through the popular press to spot "up and coming" issues such as the importance of a quality labor force. These trends, along with the data developed in the SWOT (strengths, weaknesses, opportunities, and threats) analysis, described below, provide the basis for defining and prioritizing of issues and development of strategies.

Analyzing Strengths, Weaknesses, Opportunities, and Threats

One of the most amazing aspects of economic development is how much many communities know about themselves in the sense of statistical data, but how little they understand what it means. For example, community economic developers almost always present data on property tax rates to an economic development prospect. Yet almost universally these same development representatives have little knowledge of whether the data show an advantage or a disadvantage for their community compared with competitor communities.

Understanding your area's competitive position depends on a careful comparative analysis of its assets and liabilities for economic development vis-à-vis likely competitors. "Know thyself," is good advice but if it had been given by an economic developer, he would undoubtedly have added, "And know thy competitor."

So, a first step to knowing your community's assets and liabilities is to determine who your likely competitors are. For a major metropolitan center such as Atlanta, competitors may be distant cities such as Dallas. Smaller communities, however, most frequently compete with communities of a similar size within the same region. One way to start to identify your competitors is to consider site selection projects lost to other communities in the recent past and where they eventually located. You will also want to consider communities that offer strong competition in terms of retail trade and tourism as well.

Once you have considered the question of competitors, pick several to use for comparative purposes in an analysis of assets and liabilities. Knowing how you compare with these communities—and to some national averages as well—will not give you all the answers about your competitive position, but it will let you know where you are relative to the pack. You will know, for example, if your tax rate or wastewater treatment costs are a strong advantage, a strong disadvantage, or perhaps a factor for which your community is merely average. This knowledge is invaluable in dealing with prospects, in retention efforts (see chapter 8), in targeting businesses that you hope to attract (see chapter 7), and in considering whether and what to offer as incentive packages and inducements.

The list of factors considered in site selection is long. Conway Data Services publishes a "Site Selection Checklist" that lists more than 1,500 site selection factors! A comparative evaluation of each of these factors is an impossible task. Moreover, most factors listed are not significant in the site selection decision. I doubt, for example, that any community has ever been selected for a facility on the basis of number of hospital beds per 1,000 population (one of the Conway factors). Only a relative handful of factors is critical for any project.

The 45 factors that typically can be "make or break factors" in a site selection decision are indicated in Exhibit 12. They fall into six general areas: operating costs, operating conditions, transportation, sites and buildings, and image. These factors are closely related to the site selection process discussed in chapter 5 and are what some site selection consultants call "drop dead" factors because if you don't meet the company's needs in regard to one of them you are dead in terms of their location selection.

Exhibit 12

Major Factors to Consider in Analyzing Strengths and Weaknesses and Selected Sources of Comparative Data

Factor and Data Source

Operating Cost Factors

1. Manufacturing wage rates
   - U.S. Bureau of Labor Statistics
   - State employment service
   - Interviews with local employers
2. Clerical wage rates
   - U.S. Bureau of Labor Statistics
   - State employment service
   - Interviews with local employers
3. Fringe benefit levels
   - U.S. Bureau of Labor Statistics
   - State employment service
   - Interviews with local employers
4. Electric power costs
   - Local electric utility
   - Edison Electric Institute
5. Natural gas costs
   - Local gas utility
   - American Gas Association
6. Water costs
   - Local water utility
   - American Water Works Association
7. Wastewater treatment costs
   - Local utility
   - Utility companies in competitor communities
8. Property tax costs
   - Local tax assessor
   - State tax federation
9. Corporate and personal income tax costs
   - Commerce Clearing House Tax Guide
10. Site and building costs
    - Local developers
    - Dodge Construction Reports
    - Marshall Swift Guide

Operating Condition Factors

1. Unskilled and semiskilled labor supply
   - Local employers and employer associations
   - State employment service
2. Skilled labor supply
   - Local employers and employer associations
   - State employment service
3. Clerical labor supply
   - Local clerical employers
   - State employment service
4. Managerial labor supply
   - Local employers
5. Labor-management relations
   - Local employers and employer associations
   - Local labor unions
6. Labor Productivity
   - Local employers and employer associations
7. Electric power availability
   - Local electric utility
   - Edison Electric Institute
8. Natural gas availability
   - Local natural gas utility (propane supplier if pipeline gas not available)
   - American Gas Institute
   - State utility commission
9. Water availability and quality (treated and non-well/surface)
   - Local water utility
   - State geological or water survey
   - State environmental protection agency
   - U.S. Environmental Protection Agency regional office
10. Air and water pollution
    - State environmental protection agency
    - U.S. Environmental Protection Agency regional office
11. Wastewater treatment availability
    - Local wastewater utility
    - State environmental protection agency
    - U.S. Environmental Protection Agency regional office
12. Telephone service
    - Local telephone company
    - State commerce commission
13. Vocational-technical education
    - Local vo-tech school
    - State Department of Education

14. College and university education
    - Respective institutions
    - College guides (Lovejoy's, etc.)

Living Condition Factors

1. Cost of living
    - American Chamber of Commerce Researchers Association
2. Climate
    - National Oceanic and Atmospheric Administration
3. Crime levels
    - Local law enforcement agencies
    - Federal Bureau of Investigation Uniform Crime Reports
4. Housing availability and cost
    - Local realtors and multiple listing service
    - American Chamber of Commerce Researchers Association
5. Retail facilities
    - Local merchants
    - U.S. Census of Retail Trade
6. Recreational opportunities
    - AAA Guide
    - Mobile Guide
7. Cultural facilities
    - Local chamber of commerce
8. Hotel and motel accommodations
    - Local hotel and motel operators
    - American Automobile Association
    - Mobile Guide
9. Elementary and secondary education
    - Local school districts
    - State Board of Education
10. Medical and health services
    - Local medical society
    - State hospital association and chapter of American Medical Association

Transportation

1. Proximity to industrial and consumer markets
    - Rand McNally Standard Highway Mileage Guide
    - Rand McNally Commercial Atlas and Marketing Guide

2. Highway accessibility
   - Official state highway map
   - State department of transportation
   - County and city highway and street departments
3. Rail Service
   - Rail carriers
   - State department of transportation
4. Common motor carrier service
   - Local motor carriers
   - Motor carrier director
5. Air service
   - Airlines
   - Official Airline Guide
6. Express and package delivery
   - United Parcel, Federal Express, and other major express and parcel delivery companies

Sites and Buildings

1. Industrial site availability and suitability
   - Local realtors
   - Chamber of commerce
   - Local and regional planning agencies
2. Retail-commercial site availability and suitability
   - Local realtors
   - Chamber of commerce
   - Local and regional planning agencies
3. Availability of existing buildings
   - Local realtors
   - Chamber of commerce
   - Local and regional planning agencies

Image

1. Local image of the area
   - Interviews with local residents
2. Outsiders' image of the area
   - Discussions with site seekers and other visitors from outside the community

Even among this relatively limited list of factors, only a few will be important for any given project. For example, water supply is not a significant factor for warehousing operations, which use only small amounts of water for sanitary purposes. Likewise, manufacturing wages are not an important site selection criteria for a retail or clerical office operation.

Common data sources for each of the 45 key site selection factors are also indicated in Exhibit 12. Data sources generally fall into three categories: information from governmental agencies such as the Bureau of Labor Statistics, information from associations and private sources such as the American Chamber of Commerce Researchers Association and the Edison Electric Institute, and information that you will have to gather yourself.

For some site selection factors, it is unfortunately not possible to gather exact comparative data for competitor communities. For example, measuring "labor productivity" or "image" is almost impossible. Discussions with local employers can, however, give a general comparison, as many of them will have had experience operating in other communities. This should allow you to give a general rating of whether the factor is a strength, a weakness, or neutral for your community. Even these general ratings can be valuable in guiding your development efforts.

A review of the strength and weakness factors provides not only ratings for individual factors, but also a profile of your community's general areas of strength and weakness. Typical strength and weakness ratings of many small communities are summarized in Exhibit 13. These ratings are based on my own experience in working with several dozen community development programs in various parts of the country.

Of course, all of these factors vary from one community to another. It is, therefore, important that you consider how *your* area rates and how it differs from the typical small community in order to understand its assets and liabilities. For example, while highway transportation may not be an advantage for most smaller communities, yours may be near the intersection of two major interstate highways, as Effingham, Illinois, is. Likewise, Griffin, Georgia, which is 30 miles south of the Atlanta airport, has excellent air access, better than many parts of metropolitan Atlanta. In the case of these two communities, highway and air transportation are assets rather than liabilities.

Defining Priority Issues

Evaluation of your community's strengths, weaknesses, opportunities, and threats is important as a basis for defining priority areas for your

Exhibit 13
Strengths and Weaknesses Ratings for a "Typical" Small Community

Operating Cost Factors

Strengths: Manufacturing wage rates, clerical wage rates, fringe benefit levels, local property taxes, and site and building costs

Weaknesses: None

Variable (depending on regional location, utility service company and other factors): Electric power costs, natural gas costs, water costs, wastewater treatment costs, and corporate and personal income tax costs

Operating Condition Factors

Strengths: Unskilled and semiskilled labor supply, clerical labor supply, labor-management relations, and air and water pollution

Weaknesses: Skilled labor supply, managerial labor supply, water availability, wastewater treatment availability, telephone service, college and university education

Variable (depending on regional location and other factors): Labor productivity, electric power availability, natural gas availability, vocational-technical education

Living Condition Factors

Strengths: Cost of living, crime levels, housing cost

Weaknesses: Retail facilities, cultural facilities, hotel and motel accommodations, medical and health services

Variable: Climate, recreational opportunities, elementary and secondary education

Transportation

Strengths: None

Weaknesses: Proximity to industrial and commercial markets, highway accessibility, rail service, air service

Variable: Common motor carrier service

Sites and Buildings

Strengths: None

Weaknesses: Industrial site availability and suitability, retail-commercial site availability and suitability, availability of existing buildings

Variable: None

Image

Strengths: None

Weaknesses: Local image of the area

Variable: Outsider's image of the area

development program. These priority areas may be weaknesses that your community must work to overcome to be attractive to new businesses, or they may be strengths that you seek to maintain and capitalize on in your development program.

Four basic factors must be considered in defining priority issues based on a SWOT analysis: level of control, level of effort, level of controversy, and strength of relationship to economic development. In regard to level of control, some issues can be resolved almost entirely by local action. For example, lack of a properly zoned industrial site can be overcome by action at the city, village, or county level. Many issues will require considerable local cooperation, such as improvement of vocational education in local schools, which requires cooperation of local school districts as well as volunteer organizations ranging from the parent teacher association to local service clubs.

Other issues can be resolved only through local initiative coupled with outside assistance. If local wastewater treatment facilities are inadequate, state and federal grants can be sought to help pay for a new treatment plant. Typically, issues that require outside assistance are much more complex; resolving them can be time consuming because an agreement must be reached among several levels of government.

For some issues, local influence is very indirect. A development organization in a community with a history of poor labor-management relations can work to establish a local labor-management council in order to build mutual understanding and head off problems before they become serious. But this is an attempt to exert a positive *influence* where no real *control* can be exercised (see Exhibit 14).

Many problems are immune to even your best efforts at resolution. For example, many small communities in the Midwest envy other areas of the country that have a better climate or more interesting and dramatic topography. But nothing can be done to change your weather or topography. There is not much point in complaining about them either.

Cost and time required to resolve a problem are other issues that must be considered in prioritization. Some issues, such as creating proper zoning for an industrial site, can be resolved with little up-front cost. Other issues, especially those relating to construction of new infrastructure facilities (roads, sewer, water) may be extremely costly to change.

A few issues are so controversial that it is difficult to incorporate them into a larger strategy. For example, in many rural areas improvement of local school curricula might be facilitated by school district consolidation, which would allow local high schools to offer more specialized courses. But consolidation in rural areas is always a highly controversial issue.

Exhibit 14

Rating of Sample Issue Priorities for Economic Development

Issue: Proper Zoning of Industrial Sites

Control: high
Cost: low
Controversy: low to moderate
Relationship to economic development: high

Issue: Construction of New Wastewater Treatment Facility

Control: moderate
Cost: high
Controversy: moderate to high (because of cost)
Relationship to economic development: high

Issue: School Consolidation

Control: high
Cost: low (may actually save money)
Controversy: very high
Relationship to economic development: moderate to high

Issue: Improve Highway Access

Control: low to moderate
Cost: high
Controversy: low to moderate
Relationship to economic development: high

Issue: Improve Local Labor-Management Relations Climate

Control: low
Cost: moderate
Controversy: moderate
Relationship to economic development: high

Issue: Downtown Beautification

Control: high
Cost: moderate to high
Controversy: moderate to high
Relationship to economic development: moderate

Issue: Need to Build New Courthouse

Control: high
Cost: high
Controversy: moderate to high
Relationship to economic development: low

Most local citizens will either support or oppose a group on the basis of its stand on school consolidation rather than on its overall mission or goals. Becoming involved in this highly polarized and emotional issue can destroy the effectiveness of the economic development agency in dealing with other issues.

Finally, in prioritizing issues, you must consider the strength of their relationship to economic development. Many community improvements such as a new courthouse, a new jail, or a new library have only a marginal relationship to economic development, even though they are important for the community as a whole. One can always argue that these improvements have some relationship to economic development because they will improve the community and better communities attract more development. They are not critical site selection factors, however. Given a development program's limited resources, it must focus on those critical factors. Certainly a new jail should be built if it is needed, but the leadership for bringing about such improvements should come from somewhere other than the local economic development agency.

Developing Goals, Objectives, and Strategies

A *goal* is a statement of what the community would like to become, the definition of a desired future state of events. An *objective* is a quantifiable measure of how well the goal is being achieved, and generally it puts a time frame on the achievements. *Strategies* are the means by which an objective will be reached. They generally indicate who will be responsible for doing what. Within general strategies are the particular *action steps* that will need to be taken during the course of implementing a strategy. In addition to assigning responsibility and a time frame, action steps also allow the assigning of a cost in terms of time and money.

This terminology becomes much clearer when it is focused on a specific example. One problem area for many smaller communities is availability of suitable industrial sites—that is, sites under community control, having good access, and having full services (electric, water, sewer). The *goal* in this case might be stated simply: "Our community will have suitable sites for expanding local industries and for outside companies considering locating in the area." Such a goal can achieve wide consensus within the community because it is something that should happen and should be agreed to by major local decision makers.

But the statement of a goal leaves many questions. How large should the industrial site or sites be? Should the community develop an industrial park or free-standing sites? When should these sites be available? The statement of *objectives* clarifies and defines the goal. Thus an objective

for site development might be: "To develop a 40-acre community industrial park having full access and utility service within three years." This statement clarifies several issues. It says how much land will be needed (40 acres), in what form (community industrial park), and when (in three years). The more defined your objectives become, the more difficult it will be to achieve consensus. Some individuals in the community might think that an industrial park will require too much investment. Others will prefer a private park rather than a community-sponsored, not-for-profit venture.

Strategies to achieve this goal become more detailed. They might include the following actions:

- Do a survey to find what properties are currently being marketed as industrial sites.
- Evaluate the suitability of these sites for an industrial park (topography, access, draining, cost of extending utilities).
- Select a preferred site for the industrial park.
- Create a not-for-profit development corporation to acquire and sell the site.
- Raise funds to purchase the site and develop needed infrastructure facilities.
- Acquire land for an industrial park and then design and develop it.
- Develop marketing brochures for the community industrial park.

Each of these steps should have a timetable for completion and an assignment of responsibility if the goal and the objectives are to be reached. For example, the survey of existing sites being marketed for industrial development might be done by a committee of local realtors with a two-month deadline to complete the study. Organizing the development corporation might be assigned to a local lawyer, and so forth.

Each of the action steps that is part of the strategy also has a cost in time and money, and it is imperative that you know the magnitude of these costs before you begin. Some costs will be relatively minor or will be primarily volunteer time; for example, the surveying of existing sites. In other cases, services may be donated; for example, legal services in setting up a not-for-profit development corporation. Other actions carry big and unavoidable price tags. If undeveloped land in your area is selling for $2,000 per acre, purchasing a 40-acre site for an industrial park will cost at least $80,000. Extending roads and utilities to the site will add

to the cost of site development. Even a modest industrial park will require an up-front cost of several hundred thousand dollars.

The cost of various economic development strategies emphasizes the need for selecting and prioritizing a few goals to pursue and others that must, at least for the time being, be dropped. You will certainly find far more attractive and beneficial strategies than your community's resources can support, but all worthy strategies cannot be pursued. Be warned that prioritization is not popular. "Product champions" will push for goals that they believe important, but that cannot be pursued as part of your core economic development program. The librarian will not be happy if (as is likely) a new library building is not selected as a goal.

Several considerations typically enter into selecting which goals to pursue:

- Cost
- Personnel requirements
- Agencies that must be involved
- Time required
- Impact
- Legal and legislative requirements

In selecting goals you would do well to adopt the "portfolio theory" in terms of time frames and difficulty of implementing your goals. If all your goals are long term and difficult ("Get state route 23 widened and improved to the interstate"), you will have little payoff to show even after several years, and development volunteers will become disheartened. Community citizens will be skeptical that development efforts will ever lead to any tangible results. Thus you should include some relatively short-term, easily achievable goals; for example, "Put up a welcome sign at the entrances to town on route 23."

Goals may be sequential and mutually dependent. For example, the development of quality industrial sites discussed above is a prerequisite for major promotional efforts to attract outside industry. Or as one economic developer I worked with always said, "You can't sell goods off an empty wagon." If your community does not meet some of the basic preconditions for attracting a particular industry, there is no point in marketing to it—doing so will only lead to disappointment. Even if prospects come to the community, they are unlikely to stay. In nonindustrial development, providing adequate parking is important to downtown retail rejuvenation, and without quality motel or guest house accommodations, a tourism promotion campaign will reap few benefits.

Some goals will be designed to correct development weaknesses determined during the SWOT analysis, while others will be designed to build on strengths indicated in this analysis. This relationship between strengths and weaknesses and development goals is the connection between these two major phases of the strategic planning process. Moreover, the findings of the SWOT analysis also provide a rational means of selecting among the many good and worthwhile projects that might be undertaken on the basis of their relationship to the core mission of economic development.

Implementing, Monitoring, and Revising the Program

Telling the community about the results of the strategic planning process is important. You want community involvement and consensus behind the strategic plan. Economic development should be something that "we" do, not something that "they" do. Thus the findings of the SWOT analysis and the development goals, objectives, and strategies should be published for public distribution, at least in summary form. This publication need not be elaborate. Today with desktop publishing and quick printing, a professional looking brochure can be published at a modest price. Distributed to civic organizations and the interested public, this brochure can then become a primer for volunteers to see where their efforts fit into the larger plan for development. Another means of reaching the largest possible audience is to have the local newspaper publish the strategy.

A strategic plan for economic development requires the cooperation of many individuals and groups who must carry out the particular strategies and action steps. In my experience, achieving cooperation and coordination can be the most difficult aspect of development. You are likely to recognize some of the following common problems at work in your community:

- Naysayers: These people or groups don't like *anything*.
- Worst-case specialists: These are the people who always try to find what could go wrong. Rather than rationally weighing costs and benefits, they take the attitude that if anything can go wrong, forget it.
- Rememberers: They will always tell you that whatever is proposed has been tried before and didn't work.
- Special interests: Some people will oppose development because they feel it threatens their own well-being. For example, some local

employers oppose creating more jobs because they believe this will increase competition for labor and will raise wages.

- Turf protectors: Some groups will insist that they should be responsible for some aspect of the program because it is "their job." Unfortunately, these groups often take an interest in this aspect of development only when they are trying to make sure that no one else does it. When it comes to implementation, they lose interest.

Many communities have produced economic development plans, strategic and otherwise, only to have them gather dust on the shelf after they are completed. Or as one wag put it "Planning is fun, implementing is hell." Failure to implement can occur for several reasons:

- Exhaustion: You spent so much time and effort developing the "perfect plan" that everyone has reached a point of burnout on economic development.
- Lack of consensus: The plan was developed by a small in-group or ignored the interests of many local groups and the larger community.
- Unrealistic goals: The plan is unimplementable under even the best of conditions.
- Lack of communication: No one informed the participant organizations and the general public of the plan and their role in it.
- Lack of delegation: No responsibility is assigned to carry out the individual strategies.

Being aware of these potential pitfalls and following the steps outlined in this chapter for preparing a strategic plan should help you to avoid having a plan that is simply a dust-catcher on someone's shelf.

Monitoring the community's progress in implementation is an often overlooked stage in the strategic planning process. Are the timetables established in the plan being met? Only monitoring will tell you this. Recognize also that conditions will change during implementation and that the plan must change accordingly. The need for monitoring is a good argument for a single development agency that can serve as a quarterback for development efforts. A once-a-year formal review of the progress of the strategic plan is also advisable.

Either process or product measures can be used to monitor the progress and effectiveness of your economic development plan. The "product" measure that almost every development agency seeks in the end is new facilities and new jobs. Thus there is a temptation to set a goal such as "The Blankville Economic Development Corporation will create 200 jobs per year for the next five years." But, as suggested earlier, you

are unlikely to meet this target because you do not control the outcome. Other more reasonable product goals might be that a new industrial site has been created or a new highway constructed.

Process measures indicate how much work has gone into implementation and quantify the efforts that you can control. For example, in marketing a community, a process measure might indicate how many community information brochures have been mailed out.

It is impossible and inadvisable to have only process goals. But you should have enough faith in your development strategies to be confident that, if you are working toward them, you are doing the right thing. If, over five years, your best efforts are not producing results, it is time to consider a major reevaluation and revision of your strategic plan, as well as the continuous "mid-course corrections" that will refine it as you go along. Recognize, however, that the goal of revising your plan is not to lay blame for past "failures," but to try to develop better, more productive strategies based on experience.

With hard work, perseverance and that little bit of luck, a strategic plan for economic development can do many things for your community's development efforts. A strategic approach will make the development program more informed. Preparing a strategic plan will also encourage many members and segments of the community to participate in economic development. Most importantly, strategic planning injects a note of realism into what you can accomplish by defining and prioritizing the unlimited range of your desires for a better community. You can then tackle those areas that are most important and promise the best potential for success.

Sources of Information

Additional sources of information on strategic planning for economic development include "New Directions for Economic Development in an Information-Based Economy" by Ross Boyle and "The Consultant's Role in Strategic Planning for Economic Development" by Darragh and Kolzow in the American Economic Development Council's *Readings in Economic Development, Vol. II*; *Developing Strategies for Economic Stability and Growth* by the Council for Urban Economic Development; *Strategic Planning for Economic Development* by David Kolzow; *Strategies for Cities and Counties: A Strategic Planning Guide* by Public Technology, Inc.; *Community Economic Development Strategies* by Glen Pulver; *Using Strategic Planning in Economic Development* by Barbara S. Keller; and *Profiles in Rural Economic Development: A Guidebook of Selected Successful Rural Area Initiatives* by Margaret Thomas.

Chapter 7
Targeting Development Efforts

Targeting, one of the most important aspects of a successful economic development program, has been a buzzword for several years. This chapter will focus on the rationale behind selection of target industries and on data sources and techniques that may be used to select target industries. This chapter will also discuss the inclusion of service, retail, and warehousing businesses, as well as more traditional industrial sectors when targeting.

Why Target?

If your community were perfect for all types of businesses, and if you had unlimited resources for promoting economic development, targeting would be unnecessary. Unfortunately, every community has its bad as well as its good points, and even the largest community has limited resources. Different businesses have different operating requirements, making your community a better location for some types of businesses than for others. Smaller communities are usually not the best location for manufacturing facilities that require a very large, highly specialized labor force, for distribution facilities that must be near a major airport, or for retail stores that require a large customer base to be profitable. But small communities and rural areas are often excellent locations for firms seeking moderate numbers of semiskilled workers and good labor-management relationships.

The goals of a targeted development program are to focus development resources in attracting types of businesses:

- For which your area's assets are major locational factors
- For which your area's liabilities are not important operating factors
- In economic sectors that are likely to experience growth in the near-term and mid-term future
- That will maximize the payoff for time and money invested
- That will diversify the local economy
- That will build on local and regional raw materials producing industries (agricultural, forestry, lumber) by providing further processing and creating greater value added

- That will use "backward linkages" in the economy to bring in suppliers to existing businesses
- Which will fill gaps in the existing local economic base by supplying goods and services currently purchased from outside of the area

A targeting program must balance these goals, which are all laudable but are sometimes mutually exclusive. Not all target industries can meet all of the goals. For example, further processing of locally produced raw material will actually increase dependence on these basic industries, rather than diversify the overall economy. The objective is to find as many avenues of opportunity as possible recognizing that no single target industry can meet all of your community's development objectives.

Targeting should also apply to business retention and creation programs, as these efforts should focus only on businesses that have a good likelihood for success in the area. If a local firm is failing because its operating needs are not met in your community, there is no point to trying to save it. On the other hand, a firm that has many operating advantages in the community may have a brighter future and should be supported if it is facing temporary financial, marketing, or other difficulties.

Potential Target Sectors

Traditionally, targeting programs have focused exclusively on the manufacturing sector. This is no longer an acceptable approach: manufacturing accounts for only a limited proportion of new jobs created in the United States today, and many nonmanufacturing sectors have become important parts of the basic economy. Also, some services, such as health care, must be considered for targeting because they are so important to maintaining a viable community.

Potential areas to consider for targeting include manufacturing, retail trade, services, distribution, and tourism. Each area is discussed below.

Manufacturing

This sector should not be ignored, even though it is not the only area to target. Manufacturing continues to create some of the highest paying jobs in a community and is also an important basic sector to bring money into the local economy. Even though the net change in manufacturing employment in recent years has been small on a nationwide basis, some regions of the country and categories of manufacturing are experiencing growth. Moreover, studies have shown that about one in five individual manufacturing jobs disappears every year. It is important for a community to create new manufacturing jobs to make up for these losses and

thus retain its economic base. Indeed, it might be said that a community needs to recreate its manufacturing sector—through establishment of new companies, growth of existing companies, and attraction of outside investment—every five years.

Retail Trade

Leakage of retail trade dollars to larger cities, especially to regional shopping malls, is one of the most pervasive problems that smaller communities face. The loss of local trade dollars and the consequent decline or disappearance of retail businesses have many negative effects. Local employment is reduced, as are local sales tax receipts. Even more importantly, the loss of businesses reduces the general sense of community among residents, and local civic clubs and chambers of commerce tend to disappear. Small communities that have lost their retail base have become, in effect, simply remote suburbs of larger, nearby cities where most residents work and shop.

A healthy retail trade base makes a small community a more complete, convenient, and desirable place in which to live. I have found, however, that keeping and attracting retail business is one of the most problematic aspects of economic development in small communities. Small town merchants often are unwilling to accept change and generally refuse to cooperate on such basic policies as coordinating hours that they will be open or providing parking. This makes them sitting ducks for the malls, which provide both convenient hours and ample parking, as well as for outside chain retailers and restaurants, which are open much longer hours.

The lack of unity among small town merchants was typified by one community where I was asked to conduct a town meeting to discuss economic development problems. Speaking first, the local merchants bemoaned the lack of citizen "community spirit" because, as they saw it, more and more residents were shopping at regional malls in nearby cities. Several citizens responded with unexpected hostility. They pointed out that in most families both the wife and the husband work, but that local stores were generally open only from 9:00 a.m. to 5:00 p.m. Monday through Friday. They asked "How can we possibly shop in your stores? You are never open when we are here to shop." For local residents, limited hours of operation was a more serious problem than the fact that prices are lower and selections of merchandise better in the regional malls 20 or 25 miles away.

Another major problem in attracting and retaining retail businesses and functions is the question of locally-owned versus chain retailing. Most communities of more than 3,000 to 4,000 have faced the dilemma

of what to do when major chains—such as Wal-Mart or McDonald's—want to enter the community. A chain facility will inevitably increase sales tax receipts greatly and create many new jobs. However, an efficient, well-financed chain merchant also sounds the death knell for competing, locally owned, small "mom and pop" retailers and restaurants. Should your community welcome—and perhaps offer incentives—to outside chains in this situation? This is a difficult decision that each community must make for itself.

Services

Local service businesses make a community a more convenient place in which to live. Health care is especially important, and many smaller communities have gone to great lengths to retain and attract physicians. Many communities of fewer than 20,000 are also struggling to retain local hospitals in the face of changing technology, rising costs, shorter hospital stays, and more restrictive government and insurance policies on payment for health care services. Even a small community hospital can be a major local employer, providing fifty or more jobs and helping to retain doctors in the area.

A Wisconsin community of about 4,500 that I worked with devised an ingenious scheme to keep their local hospital open. They converted one wing (about 20 of 60 total beds) into a skilled, long-term care facility, which allowed them to keep the "bed count" up and remain fiscally solvent. Many other communities have recognized that nursing home facilities can be very valuable to a community, both as a social service and as economic entities. Establishing of a nursing home allows older residents (and the population distribution of most smaller communities is heavily skewed to older residents) to remain in the area near their families and can generate many full-time and part-time jobs.

Schools are another important but problematic local service. Local schools without doubt contribute to the sense of community spirit. But declining enrollments and escalating technology and costs present hard choices. Very small local schools are expensive to operate and often small community tax bases are squeezed by low farmland values and commercial decline. Moreover, it is difficult for small schools to provide a full range of modern courses at the high school level. Again, the conflict between the desire for local rather than consolidated schools and the need for efficient and modern education is an issue that each rural community must resolve individually.

More prosaic local service businesses such as real estate sales, auto repair, barbers and beauticians, and insurance agents can also be important in making a community more livable and in creating jobs.

Larger service sector businesses such as insurance claims-processing and credit card-processing centers, which provide basic employment, have recently begun to move into small communities. Typically, these businesses have predominantly female labor forces and need reliable, well-educated workers. Thus they fit well in many smaller communities, where job alternatives for women are limited. Limiting factors are often the quality of local telephone and mail delivery services, both of which are vitally important to these information intensive businesses, which depend on both paper and computer transfer of information and payments.

Distribution (Wholesaling and Warehousing)

Traditionally, wholesaling and warehousing have been thought of as big city functions, but this is no longer necessarily the case. Several features of these types of businesses make small town locations attractive to them if the area has reasonable access to transportation and communications services. Most wholesale and warehouse activities have small numbers of employees (median employment per establishment is 10 to 20 for most types of wholesaling), they require inexpensive space, and they make very limited utility demands.

Modern trucking—and modern big city traffic jams—often makes it more reasonable to serve several states from a single location, and being outside a metropolitan area can reduce congestion-based delays found in big cities. All of these needs fit well with rural communities. Indeed, several very large mail order houses, such as Lands End in Dodgeville, Wisconsin and L. L. Bean in Maine, have been established in small communities.

Tourism

Many smaller communities are now seeking tourist dollars. Attracting travel dollars need not be based on having a major "destination" attraction such as Disney World. Communities near interstate highways can attract tourists passing through by providing lodgings and eating facilities. Other communities cater more to local weekend travelers by providing unique lodging opportunities such as bed and breakfast hotels. In addition, smaller communities can promote local festivals and attractions ranging from covered bridges to pancake-eating contests.

Tourism provides some very visible benefits in terms of jobs and sales tax, as well as less tangible benefits such as a greater sense of community pride in local events. Tourism-based development has its drawbacks, however. Most jobs in tourist-related business (that is, hotels, resorts, restaurants, and souvenir shops) are low paying, low skill, and seasonal.

When I hear economic developers describe tourism as the basis for their community's future economic well-being, I cannot help but think of a couple whom I met while working on a development project in a small town in Wyoming. They told me that, sadly, they were leaving town. They had grown up in the area and loved it, but between the two of them they had seven full- and part-time jobs in local resorts and restaurants, yet still could not make ends meet! ! always advise a community to view tourism as part of an overall development strategy, not the main thrust. Tourism may be helpful in providing summer jobs for teenagers and permanent jobs for low-skill workers, but it does not provide skilled jobs, high incomes, or opportunities for career advancement.

Manufacturing Targeting

A wide variety of information is readily available for hundreds of specific Standard Industrial Classification (SIC) codes developed by the U.S. Office of Management and Budget. This information is widely used by the federal government, state governments, and private organizations (including marketing and mailing-list firms) to classify data on business establishments. Exhibit 15 provides an example of how the SIC code system is structured. Essentially, the codes are based on finer and finer subdivision of economic activity. Thus a major category, such as manufacturing, is subdivided into subcategories, such as Primary Metal Industries, which are given a two-digit numerical SIC code number (33 in this case). The two-digit SIC category is then divided into three-digit subcategories, for example, SIC 331, Blast Furnaces, Steel Works, and Rolling and Finishing Mills. These are further divided into still smaller, four-digit categories, for example, SIC 3315, Steel Wire Drawing and Steel Nails and Spikes (see Exhibit 15). There are even more detailed levels of the SIC code, up to the seven-digit level, but data are generally not available beyond the four-digit level.

Two standard screening criteria used to select target industries are industry size and expected industry growth. The rationale for these criteria is that larger industries and more rapidly growing industries offer greater opportunities for growth and thus, all other things being equal, are better targets for development efforts.

Industry size and growth can be measured in a variety of ways, including:

- Employment
- Number of establishments
- Value of shipments (for manufacturing industries)

Exhibit 15
Standard Industrial Classification Manual Entry for Primary Metal Industries and Steel Wire Drawing

Major Group 33.—PRIMARY METAL INDUSTRIES

The Major Group as a Whole

This major group includes establishments engaged in the smelting and refining of ferrous and nonferrous metals from ore, pig, or scrap; in the rolling, drawing, and alloying of ferrous and nonferrous metals; in the manufacture of castings and other basic products of ferrous and nonferrous metals; and in the manufacture of nails, spikes, and insulated wire and cable. This major group also includes the production of coke. Establishments primarily engaged in manufacturing metal forgings or stampings are classified in Group 346.

Group No. Industry No.

331 BLAST FURNACES, STEEL WORKS, AND ROLLING AND FINISHING MILLS

3312 Blast Furnaces (Including Coke Ovens), Steel Works, and Rolling Mills

Establishments primarily engaged in manufacturing hot metal, pig iron, silvery pig iron, and ferroalloys from iron ore and iron and steel scrap; converting pig iron, scrap iron and scrap steel into steel; and in hot rolling iron and steel into basic shapes such as plates, sheets, strips, rods, bars, and tubing. Merchant blast furnaces and byproduct or beehive coke ovens are also included in this industry. Establishments primarily engaged in manufacturing ferro and nonferrous additive alloys by electrometallurgical processes are classified in Industry 3313.

Armor plate, made in steel works or rolling mills
Axles, rolled or forged: made in steel works or rolling mills
Bars, iron: made in steel works or rolling mills
Bars, steel: made in steel works or hot rolling mills
[illegible] oven products
Electrometallurgical aluminum, magnesium, [illegible]
Ferroalloys, not made in blast furnaces
Ferrochromium
Ferromanganese, not produced in blast furnaces
Ferromolybdenum
Ferrophosphorus
Ferrosilicon, not produced in blast furnaces
[illegible] made in steel works or rolling mills
Rail joints and fastenings, made in steel works or rolling mills
Railroad crossings, iron and steel: made in steel works or rolling mills
Rails, iron and steel
Rails, rerolled or renewed
Rods, iron and steel: made in steel works or rolling mills
Rounds, tube
[illegible] billings, plain: iron and steel—[illegible] works or rolling mills
[illegible] in steel
[illegible] furnaces
Molybdenum silicon, not produced in blast furnaces
Nonferrous additive alloys, high percentage, except copper
Steel, electrometallurgical

3315 Steel Wire Drawing and Steel Nails and Spikes

Establishments primarily engaged in drawing wire from purchased iron or steel rods, bars, or wire and which may be engaged in the further manufacture of products made from wire; establishments primarily engaged in manufacturing steel nails and spikes from purchased materials are also included in this industry. Rolling mills engaged in the production of ferrous wire from wire rods or hot rolled bars produced in the same establishment are classified in Industry 3312. Establishments primarily engaged in drawing nonferrous wire are classified in Group 335.

Brads, steel: wire or cut
Cable, steel: insulated or armored
Horseshoe nails
Nails, steel: wire or cut
Spikes, steel: wire or cut
Staples, steel: wire or cut
Tacks, steel: wire or cut
Wire, ferrous
Wire products, ferrous: made in wire drawing plants
Wire, steel: insulated or armored

3316 Cold Rolled Steel Sheet, Strip, and Bars

Establishments primarily engaged in (1) cold rolling steel sheets and strip from purchased hot rolled sheets; (2) cold drawing steel bars and steel shapes from purchased hot rolled steel bars; and (3) producing other cold finished steel. Establishments primarily engaged in the production of steel, including hot rolled steel sheets, and further cold rolling such sheets are classified in Industry 3312.

Cold finished steel bars: not made in hot rolling mills
Cold rolled steel strip, sheet, and bars: not made in hot rolling mills
Corrugating iron and steel, cold rolled: not made in hot rolling mills
Flat bright steel strip, cold rolled: not made in hot rolling mills
Razor blade strip steel, cold rolled: not made in hot rolling mills
Sheet steel, cold rolled: not made in hot rolling mills
Wire, flat, cold rolled strip: not made in hot rolling mills

Historical data on industry growth are available from *U. S. Industrial Outlook* and *County Business Patterns*, while projections of future growth are provided by the U.S. Bureau of Labor Statistics and *Predicasts* (see the "Annotated Bibliography").

Merely knowing which industries are large and growing is only the beginning and not the end goal of targeting, however. Because many communities stop at this point they are all pursuing the same few industries, such as miscellaneous plastic products or transistors, even if they are inappropriate to the community's assets and liabilities. Size and growth must be only two of many criteria used to select industries that not only have good general prospects, but also are a good fit for your community on the basis of its assets and liabilities.

The results of the assets and liabilities analysis provide the basis for customized industry screening to find your community's target industries. Some factors and sources of data that you can readily use in screening include:

- *Wages*: If your community has higher than average wages, you will want to screen out low-wage industries that would not be competitive in recruiting labor in your area. Source of wage data by SIC classification: U.S. Bureau of Labor Statistics.
- *Energy usage (electric and natural gas)*: If your community has higher than average electric costs, you will want to screen out industries that use a great deal of electricity. (The classic example of an industry that uses enormous amounts of electricity is aluminum smelting.) Likewise, if you do not have readily available natural gas supplies, you will want to screen out industries that use a great deal of natural gas, usually for process related heating. Source of electric and natural gas usage by SIC classification: *Census of Manufacturers*.
- *Water consumption*: Some industries, such as brewing, paper production and poultry processing, use tremendous amounts of water. If your community's water supply is limited, you will want to remove these from consideration as target industries, even if they fit well with the local economy otherwise. Source of water usage by SIC classification: *Census of Manufacturers*.
- *Proximity to markets*: Many rural areas and small communities are relatively distant from major market centers, Thus you will want to screen out those SIC categories that depend on purely local markets. The classic cases here are manufactured ice and soft drink bottling; because of perishability and bulk, these products are generally not shipped long distances. Source of data on percentages of shipments by distance from the point of production provided for SIC classifications: *Census of Transportation*.

- *Sensitivity to property taxes*: The best measure of how sensitive a business is to local property tax rates is its investment in real property and, if taxable in your state, investment in machinery and equipment. If your community has high property tax rates, you will want to screen out very high investment SIC categories. Data on investment in plant and equipment by SIC category are available in the *Annual Survey of Manufacturers*.
- *Gaps in the local economy*: Absence of an important type of local retail or service business in your area may indicate a good opportunity to attract such a business. Data on number of businesses by general type are available in *County Business Patterns*, but you will also want to discuss gaps in suppliers with local businesses and gaps in the retail sector with the general local population (almost everyone can think of a type of business the community needs). A word of caution, however: a gap in the local economy does not necessarily indicate enough local demand to support a profitable business.
- *Raw material sources and special production requirements*: Individual SIC categories can be evaluated on a case-by-case basis to determine how well their raw material needs and production requirements meet your local conditions. *U.S. Industrial Outlook* is a good beginning point for evaluating SIC categories. This can be supplemented by the *Census of Manufactures*, which has very good information on raw materials consumed. Examples of data on materials consumed for SIC 3315 (Steel Wire and Related Products) are provided in Exhibit 16. Industry and trade association newsletters, which may be pinpointed through the Gale *Encyclopedia of Associations*, can also provide a wealth of information on trends and operating factors in various industries.

Office Targeting

Office locations represent a very different type of targeting from traditional manufacturing industries. Many types of office locations, such as national headquarters and regional or divisional headquarters, are not appropriate locational targets for smaller communities. Rather, the opportunity lies in routine data-processing offices, which are characterized by

- A strong need to keep operating costs low
- A high proportion of clerical workers
- A need for workers with good basic education skills, work habits, and trainability

Exhibit 16

Materials Consumed by Kind, Data for SIC 3315 (Steel Wire and Related Products) from the *Census of Manufactures*

Table 3. Materials Consumed by Kind: 1987 and 1982

[Includes quantity and cost of materials consumed or put into production by establishments classified only in this industry. For further explanation, see Cost of Materials in appendix. For meaning of abbreviations and symbols, see introductory text]

1987 material code	Material		1987		1982	
			Quantity[1]	Delivered cost (million dollars)	Quantity[1]	Delivered cost (million dollars)
	INDUSTRY 3313, ELECTROMETALLURGICAL PRODUCTS					
	Materials, parts, containers, and supplies		(X)	350.6	(X)	335.2
106113	Ferroalloy ores (excluding manganese) (gross weight)	1,000 s tons			303.2	24.5
106112	Manganese ore, including ferruginous (containing 10 percent manganese) (gross weight)	1,000 gross wt.	(S)	29.2	201.7	16.6
190023	Iron and steel purchased scrap	do.			275.9	20.1
331313	Ferromanganese, silicomanganese, and manganese	1,000 s tons				
331320	Ferrochromium	do.				
331331	Ferrosilicon (more than 8 percent silicon)	do.				
331343	Ferromolybdenum	do.	(D)	(D)	(S)	37.9
331345	Ferronickel	do.				
331353	Ferrovanadium	do.				
331342	Other ferroalloys (including silvery iron and ferrotungsten)	do.				
325501	Clay refractories	do.	(S)	2.5	(S)	3.3
329701	Nonclay refractories	do.	(S)	1.5	*.9	.6
	Fluxes					
329503	Limestone	1,000 s tons	(D)	(D)	20.2	1.1
327403	Lime (including quicklime and dead-burned dolomite)	do.	(D)	(D)	-	13.7
382411	Carbon and graphite electrodes		(X)	16.4	-	.2
354402	Industrial dies, molds, jigs, and fixtures		(X)	(D)	-	
970099	All other materials and components, parts, containers, and supplies		(X)	198.5	(X)	181.1
971000	Materials, parts, containers, and supplies, n.s.k.[2]		(X)	37.9	(X)	35.3
	INDUSTRY 3315, STEEL WIRE AND RELATED PRODUCTS					
	Materials, parts, containers, and supplies		(X)	1,844.5	(X)	1,275.1
	Nonferrous metals, alloys, and ferroalloys (ingot, pig, shot, etc.)					
333113	Copper (including both refined unalloyed and copper-base alloy raw materials)	1,000 s tons	(S)	4.0	(S)	*.4
333975	Tin	do.			**18.0	
333984	Lead	do.	(S)	1.8		1.3

333348	Zinc	do..	17.2	14.4	235.3	18.5
281930	Sulfuric acid (100 percent H_2SO_4)	do..	5.3	4	126.1	7
	Steel for drawing wire:					
	Rods:					
331081	Carbon steel	1,000 s tons..	*2 473.0	806.9	*4 801.8	673.1
331083	Alloy steel (except stainless)	do..	*41.4	21.7	*104.7	48.5
331085	Stainless steel	do..	24.9	45.9	18.5	27.9
	Wire for redrawing:					
331073	Carbon steel	1,000 s tons..	*23.3	45.2	(S)	135.4
331075	Alloy steel (except stainless)	do..	(S)	6.0	25.1	11.4
331077	Stainless steel	do..	(S)	19.2	(S)	24.0
331078	Other steel mill shapes for drawing wire	do..	(D)	(2)	**72.8	28.9
331005	Ingots, semifinished shapes (blooms, billets, etc.), and other steel shapes received for further processing, except for drawing wire		(X)	6.4	(X)	35.7
970099	All other materials and components, parts, containers, and supplies		(X)	*378.1	(X)	159.3
971000	Materials, parts, containers, and supplies, n.s.k.[3]		(X)	294.5	(X)	107.0
	INDUSTRY 3316, COLD FINISHING OF STEEL SHAPES					
	(Material data were not collected for this industry.)					
	INDUSTRY 3317, STEEL PIPE AND TUBES					
	(Material data were not collected for this industry.)					

[1] For some establishments, data have been estimated from central unit values which are based on quantity-cost relationships of reported data. The following symbols are used when percentage of each quantity figure estimated in this manner equals or exceeds 10 percent of published figure: * 10 to 19 percent estimated; ** 20 to 29 percent estimated. If 30 percent or more is estimated, figure is replaced by (S).

[2] Total cost of materials of establishments that did not report detailed materials data, including establishments that were not mailed a form.

[3] Data are combined with material code 970099 to avoid disclosing data for individual companies.

- Short travel distances to other company offices
- Electronic transmissions of quantitative data to other corporate offices
- Technical rather than marketing functions

These operating needs all fit well with location in a smaller community that can meet needs for low operating costs but that is not unduly hampered by being outside a major metropolitan center, as long as telephone communications and mail and express package delivery service are adequate. Your community may be a good location for "back office" facilities for insurance companies, financial service companies, credit card account processing centers, reservation centers (hotel, airline), and mail order houses (including mailing, solicitation, order processing, and customer services).

Retail and Tourism Targeting

Targeting of retail trade opportunities requires careful research into both the retail potential and the shopping patterns in your local area and the site selection characteristics and operating needs of various types of businesses.

A good starting point is to determine the level of leakage of retail trade out of your area. A good ballpark estimate of this leakage can be obtained by comparing sales per capita in your area for a particular type of business (for example, drug stores or hardware and home improvement stores) to state or national averages. If the average per capita annual sales are $200 per year and yours are only $100, it is a good bet that the leakage is about 50 percent. If the population in your area is 5,000, this is a loss of $100 x 5,000, or $500,000 per year.

The question then becomes: Can a local store retain enough of these dollars to be viable? Before making any decisions, you will want to survey local people to determine if they are actually buying a high proportion of their goods elsewhere, why they are buying elsewhere, and whether they are likely to patronize a local merchant. Finding such gaps can be helpful in attracting either local or franchise retailers to set up operations, although it is a long, long way from a study of retail trade leakage to getting an individual or businesses to make an investment.

In targeting recreational businesses, you must determine the size and nature of the local market. Do you have existing recreational attractions—lakes, national forests, or the like? How far are you from major metropolitan centers, which are the likely sources of tourists? What other attractions compete with yours? How good is local transportation?

(Americans are notorious for not wanting to go more than a few miles from an interstate highway.)

Once you have determined some of the basic potential for local recreational demand, you can move on to attempting to increase tourism. Here are some leading tourist generating strategies:

- Good signs identifying local attractions
- Better local accommodations and other tourist facilities (these are how you get money out of the tourists)
- Local festivals, fairs, craft shows, and the like
- Promotion of local recreational opportunities and tourist facilities, which can be done in conjunction with attraction and facility operators, with a regional group, or in cooperation with state tourism development efforts
- Improved quality of local attractions and accommodations, which can be done in conjunction with attraction and accommodation operators, with state agencies, such as the Department of Conservation, or with federal agencies such as the Forest Service or National Park Service
- Improved local highway access (undoubtedly the most expensive and long-range plan)

The overall message on promotion of tourism is to recognize that this is a highly organized, multibillion dollar industry with many market segments ranging from tent campers to tour groups. A smaller community must work with its allies to attract the type of tourist for which it is suited.

Geographic Targeting

Geographic targeting lets you focus your marketing efforts on areas that generate the greatest number of prospects, making media advertising and personal prospecting trips easier. Most of your prospects are likely to come from just a few geographic areas. Small communities in southeast Wisconsin, for example, know that most of their light industry prospects (not to mention tourists) will come from Chicago and Milwaukee. Thus they may do mailings to target industries like small precision machine shops in these metropolitan areas, may send representatives there to call on prospects, or advertise in regional business publications such as *Crain's Chicago Business* (see chapter 9, "Marketing Your Community").

Any targeting program should consider the desirability of an industry and its acceptability to local residents. A tannery will not be accepted in most areas, no matter how well suited it is to the community's resources. Targeting is a resource allocation system and the overall targeting program should reflect a complete marketing strategy in order to focus scarce money and time on the most likely prospects.

Sources of Information

For further information, see "Refining the Target Industry Study for Today's and Tomorrow's Economy" by M. Ross Boyle, "The Targeting Study in Economic Development Practice" by Ronald Swager, "Changing Site Selection Requirements" by John Gage, and "Branch Plants: How to Pursue and Keep Them" by Stephen Chait in *Readings in Economic Development, Vol. II* (American Economic Development Council); "Bull's-Eye! How to Target the Right Industry for Your Community" by Ford Harding and Phillip Phillips; and *Growing Our Own Jobs,* published by the National Association of Towns and Townships. These sources provide examples and more detailed nuts-and-bolts information on the techniques of targeting.

Chapter 8

Business Retention, Expansion, and Creation Programs

Retaining and expanding existing businesses and creating new ones are vital to every local economy. Failure to attract new jobs is a misfortune. Losing existing jobs—and the hardships this creates for community residents—is a tragedy. Economic development agencies must do everything they can to prevent existing local businesses from failing or leaving the community. Many studies, notably those by David Birch of the Massachusetts Institute of Technology, indicate that the majority of new jobs created in any area come from the expansion of existing businesses and the creation of new, small businesses. Business retention and expansion programs are clearly vital to a healthy rate of new job creation.

The Role of Retention and New Business Creation

Economic development agencies around the country have placed increasing emphasis on retention and expansion programs during the 1980s. Indeed, many agencies have defined this as their primary task. But don't fall into the trap of viewing retention and expansion programs and attraction of new businesses as mutually exclusive, this is, that you must do either one or the other, but not both. The factors that make a community attractive to outside prospects—reasonable operating costs, available infrastructure and sites, a cooperative local government, an attractive physical environment, and good living conditions—are the same factors that will help ensure the continued operation and growth of an existing business.

Determining where to concentrate community development resources should resemble the process of triage, used to allocate scarce medical resources on World War I battlefields. Under triage, the incoming wounded were divided into three groups. Group 1 were those with only superficial wounds and could wait for treatment. Group 2 were those so seriously wounded that death was certain. They were given pain relief but no heroic efforts were made to prolong their lives for a short while. Group 3 was the focus of attention, those who were wounded seriously enough to require immediate treatment, but who had a chance to survive and recover if they received treatment.

In business retention, group 1 businesses are doing reasonably well and have only minor problems. You will want to keep in touch with them to make sure that no major problems develop, but they need little commitment of your resources. Nor will group 2 businesses need your resources because they are beyond help. Several types of businesses fall into group 2:

- Manufacturing firms facing rapid technological changes that make their product obsolete
- Firms facing foreign competition that is decimating their entire industry
- Small retailers facing larger, well-financed national chain competitors

Writing off a business is difficult—and certainly it is unwise to tell a business that you have written them off. Your efforts should focus on group 3 businesses, those facing problems that can be addressed through community-based assistance, which will allow them to survive and prosper in the long run.

Business retention and expansion and business attraction programs are two sides of the same coin and will reinforce each other. Prosperous, satisfied local businesses are important indicators to an outside business that a community would be a good location, while continued outside investment and job creation can benefit many existing businesses, especially in the retail and service sectors.

The business retention and expansion programs described below are often people-intensive rather than money-intensive. That is, implementing them requires far more time than money. As a result, retention often appears to be only a very small part of a development program's budget—a few dollars to print questionnaires, some postage, perhaps a plaque or two—but consumes the majority of volunteer time in conducting and analyzing surveys and arranging meetings. A strategic economic development plan should distinguish between the balance of time commitment and the balance of expenditures apparent, which will make life much easier for your development corporation. Not only will a plan reduce the clamor for instant results, but it will help to defuse charges that the economic development program is merely "smokestack chasing."

Retention and Expansion: Business Surveys and Call Programs

The heart of successful business retention and expansion is a regular program to survey and call on businesses in your area. Through these efforts you will get to know local business owners and operators, learn

their problems, and have the opportunity to provide assistance. A call program requires commitment, discipline, and organization: you should allocate at least an hour for each call and an hour for follow-up to each call. Calls should be made on a regular basis, perhaps once every six months or once each year. A one-shot call to a local business is not a meaningful retention program.

A call program for existing businesses is also an excellent way to understand community assets and liabilities and to deal with developing problems. For example, an existing business survey is the most likely way to discover shortages of certain labor skills. These shortages can then be dealt with by secondary school, community college, and other training programs. An existing business survey signals your concern to the business community, provides an early warning of problems, and is a sign of future expansion.

The large amount of time required for existing business calls, as well as call-backs and follow-ups, makes it important for your organization to consider very early on who it will call on. Even a community of 5,000 people will probably have over 100 individual businesses. Assuming that the calls are made by two people and that each call and follow-up require four person-hours (a conservative estimate), calling on 100 businesses will require 400 person hours or 10 full weeks!

Here are some factors to consider in deciding whether to include a business in your call program:

- How large is the business? Clearly, your efforts should focus on larger employers.
- Is it a basic or a service business? Basic businesses are generally the focus of retention programs because of their role in supporting the local economy and because they tend to leave for reasons that are not dependent on local market conditions.
- How great is the risk that the business will fail, cut back, or leave the community? If you have any indications that a business is facing particular problems, such as cutting back on overtime, cutting back on the number of part-time employees, or letting full-time workers go, that business should be a primary target for your retention efforts.

Another crucial step in designing a successful retention program is to prepare a good questionnaire. Without this, your interviews will be hit or miss in covering all of the important areas and will often be diverted into general discussion. An example of an existing business survey is provided by Exhibit 17. This survey was designed to obtain basic factual information needed for a retention program and to ask the interviewees

Exhibit 17

Community Existing Business Survey

Basic Data

1. Company _____
2. Address _____
3. Telephone _____
4. Person within company completing survey

   _____
5. Primary service or product you provide

   _____
6. Year founded _____
7. Does your firm have multiple locations? ☐ Yes ☐ No
8. If yes to number 7, where is your firm's corporate headquarters?

   _____

Facility Specifications

9. What is the size of the site on which your business is located?

   _____
10. How many square feet of building space does your business occupy?

    _____
11. Are you planning any expansions of your existing facility? ☐ Yes ☐ No

    If yes, how many additional square feet will be added? _____
12. Are you planning any additional locations for your business? ☐ Yes ☐ No

    If yes, where? _____
13. Do you have enough property to allow for expansion at your current location? ☐ Yes ☐ No

14. Do you have plans to improve or modernize your present building? ☐ Yes ☐ No

15. Do you have plans (either immediate or long range) to move some of your operations out of this community? ☐ Yes ☐ No

    If yes, why? _____

    _____

    _____

Employment

16. How many employees do you have (local only if you have branches elsewhere)?

    Full-time _____ Part-time _____

17. How many employees did you have five years ago?

    Full-time _____ Part-time _____

18. How many employees do you expect to have next year?

    Full-time _____ Part-time _____

19. How many employees do you expect to have in five years?

    Full-time _____ Part-time _____

20. What do you estimate your annual employee turnover rate to be? _____%

21. What percentage of your employees lives within the community? _____%

22. How would you rate the supply of workers in the following categories (include only those groups in which you have employees)? Rate as excellent, good, fair, or poor.

    Skilled _____

    Semiskilled _____

    Unskilled _____

    Clerical _____

    Professional/managerial _____

Training and Recruitment

23. What job skills does your business require?

_____

_____

24. How do you do job training (percent by each method)?

_____ On the job

_____ Community college

_____ Union program

_____ Other (specify) _____

25. What sources do you use to recruit employees? (check those that apply)

_____ Word of mouth

_____ Newspaper

_____ Private employment service

_____ Employee referral

_____ State job service

_____ Community college

_____ Other (specify) _____

General Opinions

26. Looking back over the past few years, would you say that, as a place to do business, this community has become:

☐ Better ☐ Worse ☐ Stayed the same ☐ No opinion

Why? _____

_____

27. As a place to do business in the next few years, do you expect the community to become:

☐ Better ☐ Worse ☐ Stay the same ☐ No opinion

Why? _____

_____

28. What do you believe will be the five most important issues facing our local economy in the next few years?

a. _____

b. _____

c. _____

d. _____

e. _____

29. What do you believe are the advantages of doing business in our community?

_____

_____

_____

_____

30. What do you believe are the disadvantages of doing business in our community?

_____

_____

_____

_____

31. Have you had any problems with local or state governmental services? (please describe)

_____

_____

_____

_____

32. Please describe suggestions you have for making this community a better place to do business.

_____

_____

_____

_____

_____

33. What types of new businesses or services would you like to see locate in the area?

_____

_____

_____

_____

34. Are there any ways that our organization can assist your business?

_____

_____

_____

_____

Thank you for taking the time to complete this survey.

for their insights and attitudes through several open-ended opinion questions. A good introductory letter is especially important to make sure that people receiving the survey know who is conducting it, what the purpose is, and how it will be used. A letter will also greatly increase the number and quality of responses you receive.

If you are conducting the survey by mail, do not expect every business (or even most businesses) to respond without some prodding. Plan to send out a follow-up letter about ten days after the initial survey, asking for a response from those you have not heard from. Also plan to call those who have not responded in another ten days or so. A few well-meaning people will promise to return the survey (and will make this promise several times), yet never get around to it. The best strategy here is to arrange a convenient time to drop by and fill it out with them in person. Unfortunately, there are usually a few [illegible]heads in any community who refuse to respond. If you get an adaman[illegible] my advice is to just drop the business from the survey; after all, [illegible]re calling on their community spirit—which is absent—and offering help—which they clearly don't want and almost certainly will not accept.

Be sure to prepare the community for the survey as well as possible. Local businesses are far more likely to respond if they know in advance about the campaign and its benefits. You can talk to local civic clubs such as the Kiwanis, Rotary, and Lions; run stories in the newspaper; and make radio and television announcements on stations serving your community.

Selecting and training volunteers is an extremely important aspect of an existing business call program. Poorly selected or poorly trained volunteers can do far more harm than good and can alienate rather than help local business. In conducting interviews, your volunteers should keep several rules in mind:

- Allow a *brief* time for personal introductions and get-acquainted comments for people who do not know each other.
- Explain briefly who is doing the survey and that the goal is to solve problems and help local industry.
- Explain how the information will be used.
- Assure respondents that all information obtained will be held in strictest confidence.
- Don't ask unnecessary questions.
- Don't rush the interview, but don't take too long either—the people you are interviewing have other business to attend to.

- Be completely familiar with the interview questions and the type of information you are seeking.
- Give the respondents a chance to ask you questions.
- Don't try to solve problems on the spot.
- Do follow up quickly with the right people who can get problems resolved. For example, speak with city officials if the problem is street access, the power company if the problem is electrical supply.
- Be sure to call back on businesses to find out if their problems have been resolved. If they have not, keep working on it.
- Thank the people you interview for their time and cooperation.
- Always remember that the three keys to the credibility and effectiveness of a retention survey are follow-up, analysis, and confidentiality.

An existing business survey program should be a systematic part of a larger effort. Interviewers should get together during the process to share information on problems they are hearing about so that others can be on the lookout for them. Results of the surveys should be tabulated and summarized. Often a thorough and thoughtful analysis of results will reveal trends that are not apparent from individual interviews. For example, an overall evaluation may indicate that many businesses are planning expansions but are having problems in finding financing.

You should also plan to publish a summary of the findings in a fact sheet or brochure and to return to the service clubs, newspapers, and other groups contacted at the beginning of the survey to present the results. By these means and by working with local government and financial institutions, you can use an existing business survey to build cooperation and understanding of the business community and create a better business climate.

Other Types of Retention Programs

Many other types of industry retention programs have been effectively used by community development organizations and their allies. These include:

- Industry appreciation dinners at which local businesses can be honored. Special attention should be given to growing and innovative businesses, as well as to leading employers. Plaques and other awards can be given as long-term mementos of the occasion and the honor.
- Financing assistance through a community development corporation.

- Participation in trade fairs at which local businesses demonstrate their products. Trade fairs can help to build both awareness and patronage of local suppliers and merchants.
- Training seminars for local businesspeople on topics such as labor relations, taxes, exporting, or drugs in the workplace. These can help businesspeople become more knowledgeable and can provide opportunities for them to solve common problems.
- Business after-hours events designed to improve networking among local businesspersons.
- Improving access to technical assistance from community and four-year colleges in the region. Many of these institutions have expertise in areas ranging from on-the-job training to engineering technology and make this expertise available to business. But often it takes some work to find out what is available and whom to contact.
- Working with Small Business Development Centers, JTPA (Job Training Partnership Act), SCORE (Senior Corps of Retired Executives), and other groups to make sure that local businesses are getting the maximum possible benefit from their services.

An excellent presentation of numerous examples of business retention strategies is provided in *Profiles in Rural Economic Development* by Margaret G. Thomas. This volume gives two-page vignettes describing specific small town programs from all states.

New Business Creation

New business start-ups are very common throughout the United States. In fact, about one new business is formed each year for every ten existing businesses in most parts of the country. According to studies in Pennsylvania and Minnesota, 10 to 15 percent of all jobs in those states in 1986 were in businesses founded between 1979 and 1984. Surveys also show that these new firms are very diverse in their growth patterns. Two other generalizations should also be made, however. The first is that most new businesses are small. The second is that most new businesses do not create substantial numbers of new jobs, and, in fact, many fail.

David Birch of the Massachusetts Institute of Technology has conducted extensive research on the sources of job creation and job loss in various areas of the United States. As his research indicates, the level of job loss resulting from business failures and employee layoffs is similar in all regions of the country. What differentiates areas with rapidly growing employment from those with slower growth is the rate of new business formation, which varies much more widely.

New businesses almost always start where their founders live, where they know the market and have financial contacts. Local communities can try to foster new business formation by using incentives such as lower taxes, but a survey of 2,653 new business owners indicated that not one had moved to a new location to start the business. The key to creating new businesses is not to lure entrepreneurs to your community, but to make it easier for local residents to start businesses and to increase the chances that they will prosper.

A complete new business development program should incorporate four components:

- Improving the level of communication and networking among entrepreneurs, government, financing sources, and others involved in new business development
- Providing technical assistance, including market evaluation and business planning, to new businesses and to those considering establishing businesses
- Providing reasonably priced physical space and support services to new businesses
- Assisting new businesses to find financing

Business Incubators

One of the most popular and widely discussed means of assisting new business creation is the business incubator. An estimated 500 formal business incubators are operating in the United States today.

What is a business incubator? It can encompass all of the needs of a new business—space, support services, networking, technical assistance, and financial assistance. Several characteristics distinguish business incubators from traditional market office and industrial space:

- Not-for-profit organization and community development orientation. Traditional multitenant real estate developments are aimed solely at profit for the developer, whereas the major goal of an incubator is to create new businesses and new jobs. Financially, the incubator is designed to break even or may have an operating loss, which is made up by a parent organization.
- Commitment to creating an entrepreneurial environment conducive to new business creation and success.
- Multitenant space allowing individual companies to rent small amounts of space on a flexible basis. In some areas the concept of an

"incubator without walls" has been pursued; that is, an incubator that provides services and assistance, but not physical facilities.

- Business consulting services such as accounting and legal assistance provided at below market rates to incubator tenants. Among the specific services commonly provided are business plan preparation, marketing assistance, government procurement, export development, government regulatory compliance.
- Improved access to venture capital and debt and equity financing. Incubator management can provide assistance in working with financing institutions to obtain traditional types of credit, work through programs such as the SBA, or provide access to locally developed revolving loan funds.
- Shared office services and facilities that individual small start-up businesses could not afford on their own. Some typical shared facilities include: a receptionist, secretarial service, mail room, copy machine, conference room, janitorial service, audiovisual equipment, security.
- Formal entry and exit rules based on criteria other than simply ability to pay. Entrance criteria vary from facility to facility, but typically emphasize potential for job creation, basic as opposed to local service businesses, and in some cases an advanced technology basis. Retail business, personal services, and warehousing are generally excluded. Businesses are allowed to stay in an incubator for only a limited time, typically three years. After that, a successful business must move out into nonsubsidized facilities to make room for new start-ups.

If your organization is considering developing a true business incubator, you must recognize that the basic purpose of the facility is to foster new business and jobs, not to make money. This is easier to accept at the beginning of the process than later on. Your incubator must have a long-term commitment of support funding to allow it to operate at a break-even level or at a loss.

Most incubators experience an initial flurry of interest from entrepreneurs who like the concept and services of an incubator. Then comes a long dry spell when recruiting tenants is difficult. Because of inadequate financial backing, many incubators are forced to accept tenants that do not meet their job and new business creation goals just to fill up unleased space and generate cash flow. Other incubators are forced to raise their rents to market levels to make ends meet, thus defeating their basic purpose.

An example of a successful incubator development program in a rural community is that of the Escambia County Industrial Development Authority in Atmore, Alabama. The group obtained the use of an old National Guard armory, which had been given to the city in a land swap, and converted the 12,000-square-foot building to an incubator facility. After minor repairs and renovations were made, space was rented to the Alabama Tank Company, which fabricates tanks used in oil fields. Alabama Tank grew to 14 employees in three years and then left the incubator for its own nonsubsidized facility.

This example emphasizes an important point: Successful incubators begin with low-cost existing space. Some states and communities have sponsored construction of new buildings for incubator space, but doing so defeats the purpose of keeping space costs low because new space is inevitably expensive.

Several surveys have shown that businesses started in incubators have a far greater chance of survival than do those started outside of incubators. This differential may reflect the benefits of subsidized rent and shared services; to some extent it certainly shows that incubator tenants have a greater sophistication and willingness to accept assistance compared with typical start-up businesses. If you are considering starting a business incubator, a good source of additional information is the National Business Incubator Association (see the "Annotated Bibliography" for further information on this group).

Financing Assistance

New businesses cannot be started—and certainly cannot succeed—without money, and almost invariably it takes more than entrepreneurs have or believe they will need when they begin the business. The most important source of money for new businesses is the entrepreneurs themselves, their families, and their friends. Your goal in providing financial assistance is to allow entrepreneurs to leverage these funds by providing access to private capital and public financing and financial guarantees. More specific objectives of financing programs are to provide equity capital, improve access to private capital by reducing the lender's risk, improve business cash flow, reduce the cost of financing, and reduce the burden of repayment of funds.

Means of achieving these goals through the public sector include:

- Grants for employee training, infrastructure improvement, market assessment, business plan development, and other purposes. These grants carry no obligation of repayment.

- Loans made at below market interest rates or to companies that have too high a risk level to obtain funding through conventional private sources.
- Loan guarantees that ensure repayment even in the case of default, reducing the risk of lending to new businesses and making them more attractive to banks and other traditional sources of capital.
- Interest subsidies that reduce interest rates to below market levels in return for meeting certain stipulated requirements, often to invest in targeted poverty areas or to create jobs.
- Bond financing to acquire fixed assets. The granddaddy of these was Industrial Development Bonds (IDBs), which can no longer be used for most types of projects, and may soon be phased out entirely.
- Equity financing, through which a state or locality takes a stake in the company and receives a repayment usually based on sales of the product.
- Tax credits, abatements, and deductions. Each state has its own set of credits and deductions designed to foster specific locally favored or significant businesses.
- Tax Increment Financing (TIF). This allows investment of additional tax revenues generated by a project over a specified period of time to be applied to improve public facilities, such as roads or sewers, that serve the project.
- Enterprise zones. These reduce tax liability in return for investing in designated blighted areas.

Various federal financial assistance programs are available to smaller communities through the Farmers Home Administration (FmHA); Department of Housing and Urban Development (HUD); Department of Commerce, including especially the Economic Development Administration (EDA); the Small Business Administration (SBA); Department of Transportation; Department of Labor, including the Job Training Partnership Act (JTPA); and various tax incentives, including historic preservation.

Financing for federal programs has declined during the 1980s, first, because of the philosophical opposition of the Reagan and the Bush administrations and, second, because of pressures to reduce the federal deficit. Federal programs remain significant, however, and are the basis for leveraging additional state and local governmental and private sector funding. *Revitalizing Small Town America* by Charles Bartsch and Andrew Kessler provides an excellent summary of program objectives,

funding levels, eligible activities, application requirements, and contacts. This book also summarizes the truly bewildering array of state financial incentive programs.

Several other avenues may also stimulate private and public funding at the local level. Some communities have started groups known variously as investment companies, enterprise corporations, or venture capital funds to assist new business start-ups. While these corporations can be a useful tool, they cannot defy the laws of financial reason and fiscal reality. A local venture financing corporation can assist only those businesses with the potential to survive and grow and thus pay back the loan. Local venture funds often behave in practice a good deal like banks.

The best thing you can do to help local start-up companies obtain financing is to unlock some of the capital resources available in almost every community. Virtually every small community has several wealthy but financially conservative local citizens. If you can convince one or more of them to invest in local companies, you have created the most prized of all new business financing mechanisms, a financial "angel" who can provide long-term financing. The patient money of local financial angels, who have long-term objectives and the community welfare in mind, can help to leverage additional funding from banks and other traditional sources.

Finally, be sure to recognize the special opportunities that your community has for local business creation and growth. Many rural communities have adopted a strategy of higher value added agricultural production. This includes experimenting with high value, nontraditional crops, as well as further processing of traditional crops instead of simply shipping them to processors elsewhere. Innovations in these areas have ranged from establishing of wineries in parts of the country where one would not expect (have you ever tried wines from the Llano Estacado Winery near Lubbock, Texas?) to stone-ground wheat flour. Other small communities have sought to commercialize local crafts and tourist attractions through home-grown companies.

Sources of Information

Particularly good sources of additional information of retention, expansion and attraction listed in the Bibliography are: *Revitalizing Small Town America* by Charles Bartsch; "Development of a Community Marketing Plan Utilizing and Helping Existing Industry" by Donald S. Baskett, in American Economic Development Council *Readings in Economic Development, Vol. I;* "Industry Retention" and "New Business Creation,"

multiarticle sections in *American Economic Development Council Readings in Economic Development, Vol. II; Planning Local Economic Development* by Edward J. Blakely (especially chapter 8, "Business Development"); *Economic Development: Retention and Expansion* by William O. Browning; *Creating New Jobs by Creating New Businesses* and *Entrepreneurial Development: Formalizing the Process,* published by the Council for Urban Economic Development; *Economic Development: What Works at the Local Level* by Matt Kane and Peggy Sand; *Harvesting Home Town Jobs, Jobs Through Agricultural Diversification,* and *Growing Our Own Jobs,* published by the National Association of Towns and Townships; Judith Gildner, ed., *Retention and Expansion Success Stories,* and *Retention and Expansion Business Visitation Programs;* and *Economic Development for Rural Revitalization,* published by the North Central Center for Rural Development; *Community Economic Development Strategies* by Glen C. Pulver; "New Firms" by Paul Reynolds; and *Profiles in Rural Economic Development* by Margaret G. Thomas.

Chapter 9
Marketing Your Community[1]

Marketing is the essence of most economic development agency programs. Yet, few development agencies carry out their marketing activities as part of a well-conceived strategy. Rather, most development marketing programs are an amalgam of odds and ends and "what works," of ad hoc reactions to specific situations, and muddling through. This chapter describes a comprehensive approach to marketing as applied to economic development based on the strategic planning and targeting frameworks presented in chapters 6 and 7 as well as an understanding of the site selection process presented in chapter 5.

Marketing has been defined in many ways. A good definition is provided by Philip Kotler in the widely used textbook *Marketing Management*. Kotler states that: "Marketing . . . identifies current unfulfilled needs and wants, defines and measures their magnitude, determines which target markets the organization can best serve, and decides on appropriate products, services, and programs to serve these markets." In community economic development "unfulfilled needs and wants" are expansion plans of existing local businesses and the needs of outside site seekers, "target markets" are target industries and geographic areas, and "products, markets, and services" are the assets, incentives, and programs being promoted by your community or region.

Marketing is far more than selling. Economic developers often fail to fully recognize this important fact, a failure shared by many major American corporations and industries. Selling is aimed at disposing of the product that you have in stock, while marketing focuses on the product that you should have as well. Thus, while selling is necessary for immediate survival, marketing encompasses the broader spectrum of development-related programs necessary for your community's long-term survival and prosperity.

A good example of the confusion between selling and marketing was provided by the American automobile industry during the late 1970s. American automakers concentrated on trying to convince the public to buy the cars that they were making, rather than making cars with the styling, options, and fuel mileage that consumers wanted. Japanese and

1. Portions of this chapter were adapted from "Economic Development: A Marketing Approach," authored by Phillip D. Phillips, which appeared in *Economic Development Review*, Vol. 6, No. 2 (Spring 1988).

European auto manufacturers took advantage of this lack of foresight, with tragic consequences for the American auto industry.

Communities often make similar mistakes, trying to sell what they have rather than listening to their prospects to determine what they want and need. As emphasized in the discussion of the site selection process presented in chapter 5, a firm considers locating in an area only after intensive analysis of its needs in terms of transportation access, quality of life, and site characteristics. The firm has a well-established set of site selection criteria in mind. Many communities, however, insist on showing a prospect what they most want to sell rather than what the prospect wants to buy.

A case from my experience in site selection provides an excellent example. I was looking for a location for a food-processing operation, and let the communities I was visiting know that the client was very sensitive to odor, which could contaminate the product, and to the physical appearance and surroundings of the site, because many customers would be visiting the facility.

One community (which mercifully shall remain nameless) showed three sites: an abandoned steel mill, a reclaimed junkyard, and a flood plain. Why? Quite simply, it was because these were the sites that the community desperately wanted to sell to this prospect, and indeed to *every* prospect who visited them. Other potential sites with favorable topography, access, image, and other features were not shown because selling them would not solve a "problem." Needless to say, my client did not locate in this community. Because of their fixation with "solving" the problem raised by these vacant buildings and unoccupied sites, each of which represented a past failure, the community's development representatives were not taking advantage of present and future opportunities and created an ongoing record of failure and frustration.

Economic Development: Marketer's Nightmare and Prospect's Dilemma

As many of you have already suspected, economic development is a marketing nightmare. In the ideal marketing situation, your competitors are few and weak, barriers to the entry of new competitors are high, there are no substitutes for your product, and customers have little bargaining power, creating a seller's market. But look at economic development where

- You have literally thousands of competitors—estimates of the number of formal economic development organizations in the United States range to 15,000 and higher.

- Virtually no "barriers to entry" exist—every community, region, or state is or can become your competitor.
- Some aspects of your competitors' strategies, such as incentive packages, are unknown or are publicly misrepresented, even though other aspects are well known.
- Many of your competitors are strong—economic development agencies are increasingly well financed, well staffed, and highly professional—and you must compete with many larger communities whose development programs have far more resources than yours.
- Site selectors can choose from many alternatives to your community—not only other areas in the United States, but increasingly Mexico, Japan, and other countries.
- "Customers" (firms seeking sites) are few and it is a buyer's market—Unlike the millions of consumers choosing between a few brands of major home appliances or automobiles, there are relatively few site seekers choosing between thousands of eager communities.

Recognize, however, that the prospects or expanding local businesses trying to select a site have problems and dilemmas of their own as well. First is the sheer, overwhelming number of possible locations. Site selection consultants do a brisk business in large part because of the bewildering number of possible site locations, each claiming to be the best. Moreover, all site selection decisions involve finding the best combination of factors the company is looking for, ranging from sewer capacity to air service. Finally, the prospect is often confronted with the need to sort out many contradictory needs and priorities in site selection.

An example from my site selection experience helps to make the nature of these difficulties clear. A heavy manufacturing company seeking a new manufacturing location insisted that it had two "absolute must" site selection criteria: (1) at least 1,000 experienced but currently unemployed metalworkers, and (2) no local metalworking unions. Several months of convincing were required for the company to learn that this combination does not occur, that areas with large numbers of metalworkers also have metalworking unions. Other companies seek both low wages and high market accessibility or some other unlikely combination. Overall, the site selector's decision must reflect which area has the preponderance of assets or, in economic jargon, the best bundle of goods. Typically, smaller communities' advantages lie on the side of lower costs, while they have disadvantages in terms of market accessibility and skilled labor supply (see chapter 6, "Strategic Planning").

Any prospect you deal with, including local companies you seek to retain, are faced with this dilemma: they are overwhelmed with both

choices and conflicting needs and priorities. Clearly, the goals of a good marketing program are to help your community stand out from its competitors and to demonstrate that your community provides the best overall solution to the prospect's needs. You must, of course, also recognize that in many cases your community will not be the best location for a particular facility. A good strategic planning approach to economic development and marketing will help you to recognize when your community has a good chance of success and when it doesn't.

The Marketing Process

Successfully accomplishing the twin goals of differentiating your community from its competitors and demonstrating its advantages do not result from luck, creativity, or divine inspiration, but rather from a methodical, analytic process. The overall marketing process is a sequence of four steps: (1) information gathering and analysis, (2) planning, (3) implementation, and (4) evaluation. The cycle is ongoing, and evaluation of previous efforts leads to another round of the process.

The information-gathering and analysis phase of the marketing process, often referred to as an "environmental scan," is part of the SWOT (strengths, weaknesses, opportunities, and threats) portion of the strategic planning process described in detail in chapter 6. Many communities wind up marketing their weaknesses rather than their strengths, either because they do not recognize them as weaknesses or because they hope that prospects will somehow be convinced that they are strengths. For example, centrality to markets has been the theme of recent advertisements by two communities in the northern Great Plains, an area that is more distant from major markets than any other in the contiguous 48 states. These communities should acknowledge that their location is remote and that they will not fool prospects in this regard. In addition, marketing strategies must recognize that some assets such as good labor market conditions appeal to virtually all prospects, while others, such as an abundant water supply, are crucial to only a few.

One often overlooked aspect of a community asset and liability analysis is to market to the local area—and especially to existing businesses—to let this audience know what the results are and especially to know what the area's assets are. This should be a cornerstone of local retention efforts. In conducting economic development and site selection studies in areas throughout the United States, I have frequently found that local residents have a ready answer when asked what is wrong with their area. Almost everyone in town has a well-practiced list of problems. Yet when asked to name the area's assets, local leaders'

response is often embarrassed silence, followed by general comments such as "The people are friendly."

You should market your community's assets at least as aggressively to local residents as to outsiders. A good understanding of assets is undoubtedly the strongest tool in a retention program because it makes businesses aware of what they will lose if they leave, as well as what they might gain from moving elsewhere. Also, a local populace with a good image of the area and the information to back it up cannot help but impress outside prospects.

Marketing efforts must also reflect the magnitude of an opportunity, that is, the proportion of site seekers affected and how important it is to those who are affected. Labor relations climate is a significant factor for almost all site seekers, while availability of graduate education in engineering is very important to only a relatively small number of advanced technology businesses. Likewise, some other factors such as the quality of local health care may be on the checklist for almost all site seekers, but are rarely, if ever, the decisive factors in the site selection process. Such second-rank variables should not be the focus of a marketing program.

General marketing efforts should emphasize your community's most important assets, while targeted marketing efforts (see chapter 7, "Targeting Development Efforts") should emphasize assets that are particularly important to the type of business you have targeted. Thus, ample wastewater treatment capacity may be an important factor if you are seeking food processors, but it will be of little importance in attracting retail and service businesses.

A strategic plan for economic development has several implications for marketing efforts. First, short-term benefits must be weighed against long-term goals. Will the community actively seek, or even accept, job-generating facilities such as a prison or a low-level nuclear waste disposal site? While most communities would shun them, some areas facing severe economic dislocation and high unemployment have waged active marketing campaigns to attract such "undesirable" facilities.

For example, the community of Flora, Illinois recently received national media attention for its campaign to attract a state prison. Another similar example is provided by a button in my desk drawer from the community of Tipton, Missouri, which was trying to attract a prison. It says, "Tipton, A Good Place to Live, Work, and Do Time." Would your community be willing to distribute a button like this?

Many communities discourage low-wage plants such as clothing factories, highly cyclical businesses, or large, unionized facilities such as auto assembly plants. It is important that your community and devel-

opment group reach a consensus about what is and is not acceptable early in the development process, rather than actively marketing your community to prospects that residents will not accept.

A development agency must also recognize that in a world of limited resources it should allocate funds between sales efforts and product development. Overcoming weaknesses, such as a lack of suitable sites or available sewer capacity, may be necessary as a basis for engaging in promotional efforts. Marketing your community if it does not have the basic necessities for development in place is not only unproductive, it can be counterproductive by creating a long-lasting negative image of the area among site selectors.

The degree of risk involved in a marketing strategy must also be weighed against its potential payoff. Attraction of a new auto assembly plant (if this is what your community really wants) is a high risk strategy—there are only a few such facilities to be had—but the payoff, as measured in the number of jobs, is very high. On the other hand, a zero risk strategy is also a zero payoff strategy. The best course of action for your community to follow is to adopt a mixed approach, with some high risk and some low risk strategies. Retaining existing businesses and attracting businesses related to your economic base are the lower risk parts of the strategy, while efforts to diversify the economy by attracting new, unrelated businesses are the high risk part.

Developing Basic Selling Points in a Marketing Strategy Framework

Marketing programs for economic development reflect a combination of a few basic selling points and strategies. Common selling points in economic development are superiority based on: (1) lower cost, (2) higher quality, (3) better performance, (4) special features, and (5) ease of use. The basic marketing strategies of product positioning and market segmentation are the primary approaches for implementing these selling points. Each of these strategies is discussed in more detail below.

Lower Cost

The most common selling point in economic development, as would be expected, is low cost. The cost approach may reflect lower intrinsic costs over which your community has little control, such as lower wages, lower transportation costs resulting from being near the center of the market, or lower raw materials costs. Or the cost approach may reflect a conscious decision to reduce costs by providing tax incentives, grants, or training programs as part of a marketing strategy.

Higher Quality

Quality is another frequently used selling point in economic development. Unlike cost, quality is difficult to measure, but quality of life and quality of the local work force are mainstays of economic promotion. Often the appeal to a site selector's desire for quality is used to attempt to overcome a cost disadvantage. In consumer marketing, a shampoo can advertise that a celebrity uses it because "it costs more and I'm worth it." In site selection, the quality of life or quality of the labor force in an area can be and often is used as the basis for selecting the higher cost alternative. Many community improvement campaigns, ranging from downtown redevelopment to residential renewal to improvement of the appearance of main highways entering an area, are designed to improve the perceived quality of an area and thus its worth as a location for a facility.

For research facilities, where image and recruiting of technical personnel are the keys to success, quality is the basic site selection factor. Inevitably, a successful high-tech company chooses the highest quality site that it can afford. My experience in site selection indicates, however, that quality is an important site selection factor for all companies, no matter how often or strongly they may say that they are concerned only with the "bottom line." When confronted with the quality of life or quality of labor force realities in the lowest possible cost area or site, almost all companies discover that they do indeed have a lower limit of acceptable quality. Quality of life is often the factor that differentiates between the first and the second ranked communities in the final site selection decision—the difference between being the bride and the bridesmaid.

Better Performance

A third basic selling point is performance, which in economic development is most often the "everybody else is locating here, so why not you?" approach. The popularity of this approach is apparent from the number of development ads featuring a list of "big name" employers already in the area, or a score card of companies that have chosen to locate there recently. Clearly, development agencies seek to create some initial success in site selection and firm expansion in order to create a performance-based selling approach.

The "everyone is coming here" approach is frequently used even though most companies try to avoid areas that have experienced other major site selections recently, because they fear that the labor market may be exhausted or that infrastructure capacity problems and higher taxes are imminent. The appeal that others are choosing the area is most

appropriate for smaller and more remote communities because they need to boost their credibility as potential locations.

Special Features

Outstanding area features is the fourth selling point that may be found throughout site selection literature. The following is a brief sample of "feature" claims from some recent community promotional materials:

- "Over 80% of the U.S. population is within 2 hours' reach."
- "The largest consumer market in the United States..."
- "Home of the South's finest hunting and fishing."
- "Abundant water for sale: 265 million gallons per day."
- "Where there are more than 70 colleges and universities..."
- "Average SAT scores have climbed 15 points in just one year."
- "Finest climate, arts, symphony, opera . . . excellent educational systems, sports galore."
- "Excess unused utility capacity: 4 MGD water, 2.5 MGD sewer."
- ". . . a higher percentage of high school graduates than you'll find in 46 other states."
- "10 minutes from 4 Interstates..."
- "2,000 Acres [of] available prime industrial sites..."

A major problem in using such features in sales campaigns is a lack of focus and a lack of relationship to true critical decision-making factors in site selection. A brief review of economic development advertisements will reveal many that present a bewildering jumble of different features—ranging from symphony orchestras to tax abatements in a single advertisement—that the community believes to be selling points and presents without elaboration or factual evidence. This problem is compounded by the use of vague descriptions such as "abundant" or "high quality." Effective presentations focus on one or a few positive features and provide supporting information for them. A strategic development and marketing approach can help by defining significant competitive advantages and by focusing attention on them.

Ease of Use

A fifth and final selling point used in many development advertising programs may be defined as "ease of use," the assertion that the development representatives of a particular area will make the site selector's job easy and risk-free. Many recent advertisements have touted

the ability of the local development agency to gather all of the information that the prospect will need or to provide suitable sites. Likewise, many areas advertise that they offer "one-stop" environmental permitting.

In both large and small communities, these selling points are often wrapped up in a clever slogan using a pun or a play on words. A risk in this approach is that many slogans, such as "Blankville means business," "It's your move" (with a picture of a chessboard), or "We have you in our sites," have been used many times by many different areas. Thus, while these slogans may seem clever to someone new to economic development, they are, in fact, neither distinctive nor novel. If you plan to advertise, be sure to review several back issues of development journals to make sure that no other area has already used "your" slogan or some close variant of it.

Because of the highly differentiated nature of a community's assets and liabilities, as well as the variations in site seekers' needs, targeting (or in marketing jargon "market segmentation") is critical to a successful economic development marketing program. Details of the targeting process are described in chapter 7.

Implementing Selling Strategies

Implementing the selling strategies of a marketing program requires careful planning and a great deal of effort in product development and sales efforts. Implementation of a sales program also requires a good understanding of the various steps in the selling process, presentation approaches, and how the prospect response process works.

Steps in the Selling Process

One of the most difficult aspects of economic development is determining who the actual prospect is—as an individual—and reaching him or her. No one has ever really contacted a "firm." Merely having target sectors or target firms does not tell which individuals within those firms are the decision makers whom the development agency seeks to reach. Thus the first steps in the selling process are finding the prospects and getting to know them. This may begin with directories and database lists, but these should always be augmented by contacts with prospect companies and referrals from existing prospects, businesspeople, and others.

In the early stage, your development campaign does not have prospects, but rather a "suspect" list from which prospects can be winnowed. These suspects should first be "qualified" on the basis of two questions: (1) Is the firm interested in a new or expanded facility? and (2)

Does the firm have the needed financial wherewithal to build such a facility? Small communities often forget to ask the second of these questions and, as a result, spend a great deal of time and effort on marginal companies. Once these questions have been answered positively, you can move to the "preapproach," in which you learn enough about the prospect to effectively present your community.

Communicating your community's message to a prospect involves several distinct but closely linked steps. Each of these steps ensures that there has been no critical miscalculation at some point. The first step is designing the message you want to convey to prospects. The second step is to choose the type of media to be used. Marshall McLuhan may have gone too far when he said that "the medium is the message," but the medium in which you advertise certainly influences the message you present and vice versa. For example, an advertisement in a specialized target industry trade journal will have a very different message from a mailing or an in-person visit.

A third step in designing a message is determining the audience. All too often, economic development advertisements and other marketing pieces are "inbred" and they represent the development agency talking to itself and its competitors rather than to potential prospects. Especially for smaller communities, the message must be properly designed to reflect the level of knowledge of the area that the audience has—which is bound to be very low for most outside prospects. In looking at your audience, you must consider how they will interpret the message. A picture of a small town skyline will not impress a New York prospect. As far as a New Yorker is concerned, any other city's skyline says "hick town," not sophistication or growth. Or as a friend of mine from New York once said, "I could never live in a small town like Cleveland."

Presentation Factors

Several factors are typically considered in communicating any marketing message: legitimacy, expertise, proof sources, shared characteristics, and ingratiation. Legitimacy comes from using meaningful measures—stating an exact amount of available water supply rather than merely saying that the supply is "ample." Legitimacy is also conveyed by stating a reputable source for data. Prospects are much more likely to be swayed by an outside authority than by your own chamber of commerce saying that the quality of life in your community is good.

Expertise, both in fact and in appearance, is also important to the presentation of a marketing message. Know the product—your community—and know your prospect. Nothing is more damaging to your community than an inability to provide basic information about it when

meeting a prospect face-to-face, unless it is a failure to recognize the needs and interests of the prospect. "Proof sources" is simply a fancy term for factual documentation of your claims; for example, a comparison of your property tax rates to those in several nearby towns to demonstrate that you have low taxes.

Shared characteristics and ingratiation are basic tools of the face-to-face visit with representatives of a prospect company. Finding out that you went to the same college, both play golf, or both vacation at the same resort can help to build mutual trust and can help to relieve an overly harsh sales presentation. Ingratiation includes the inevitable free meal and tokens and trinkets sent to or left with prospects. Some words of caution: Any prospects actively seeking a site can gain a good deal of weight in free meals and may not be that excited by a lavish and high calorie dinner either in their home city or while visiting potential site locations. Moreover, trinkets should have some relationship to your community's image and sales message. Active site selectors will also have a drawer (or perhaps a wastebasket) full of letter openers and cuff links.

Assessing the Response

One of the most difficult aspects of an economic development marketing campaign is judging the level of its success. In many marketing situations, it is easy to judge response—just count the number of coupons sent in or the number of persons calling a toll-free number. This is not a good idea for economic development. The likelihood of reaching the particular person or group in a company that will make a site selection at the exact time when they are making a decision is very small. Rather, you are trying to create awareness and a favorable image of your community; response may come many months or years later. Moreover, you can never be sure whether a firm would have come to your area if it had not been exposed to your marketing campaign.

A good piece of advice to offer in terms of marketing communications is this: Be sure to always test the message on some "noncombatants" first. That is, always have several persons not working with the economic development group and not even familiar with its programs review the marketing campaign. Find out what they think the message is and how they react. This will help refine your message and can avoid fatal errors of miscommunication.

Marketing Strategies and Techniques for Small Communities

Marketing is regarded by many small communities as something that only the "big kids"—the state development agencies, utilities, and large

cities with full-time development staffs and six-figure development budgets—can do. While as a small community you will not be placing advertisements in *Business Week* or *Area Development* magazine, you can and must market yourself. In conjunction with development allies, you may even have some advertisements in these big ticket publications.

Small community development agencies cannot match the four-color brochures, videos, and print advertisements produced by states and larger cities with marketing budgets in the tens or hundreds of thousands of dollars. And these means of presenting a message are indeed expensive. A four-color brochure costs $20,000 to $30,000 to produce and print. The standard charge for producing a video is $1,000 or more per *minute* of running time for the finished video. A full-page advertisement in a development journal such as *Area Development* costs thousands of dollars, while a sizable advertisement in a general business magazine such as *Business Week* costs tens of thousands of dollars. Clearly, these advertising media are far too expensive for most small communities to consider, although occasionally you will see a community of 10,000 or 20,000 "shoot the moon" and produce a full-color glossy brochure or run a large ad in a development magazine.

Remember, however, that these are the advertising media, not the message. The same messages can be conveyed at much lower cost through data books, data sheets, direct mail advertising, regional advertising campaigns, and face-to-face selling, as described below. The key is to select your target audience carefully, provide them with the hard information that they want, and to use your development allies.

Data Books and Data Sheets

The lifeblood of economic development is information. Accurate, timely, and clearly presented data are the most important marketing tools you can have. Even the smallest community should have a community data book, a set of community data sheets, or both. A data book need not be—indeed should not be—a slick, four-color presentation. Often you can receive help in designing and preparing your data book from your local power company or from your state department of commerce. Sometimes these groups will print and pay for the book as well.

A good example of a data book is provided in Exhibit 18 (page 147), which reproduces a community data book for our old friend, Monticello, Illinois. The data for this presentation were gathered locally, but the layout, typesetting, and printing were provided by the local electric utility, Illinois Power Company. Ensuring that the community data book always contains accurate, up-to-date information should be a primary responsibility of your own community development group.

A low-cost approach to providing more detailed information on specific aspects of your community is to prepare a series of separate data sheets on various topics. Individual sheets might deal with transportation, utilities, labor force characteristics, education, or recreational and cultural opportunities. A major advantage of separate sheets is that they can be printed in small quantities and can be readily updated. If new data on unemployment become available, you don't have to throw out an entire brochure, just revise and reprint the labor force sheet, saving a great deal of time and money.

The widespread availability of desktop publishing programs for Apple Macintosh and IBM and IBM-compatible personal computers makes creating and updating data sheets easy. The individual community data sheets can either be printed at a quick copy shop, photocopied—but make sure the machine is high quality—or printed directly from the computer on an as-needed basis. Individual data sheets can be printed on colored paper (but stick to light, pastel colors) for a more varied presentation at nominal cost. Separate data sheets also make it easy to provide a customized response to a request for information—you need only send the sheets with data relevant to the request. Data sheets can be sent separately, or they can be put into a binder or folder.

Site Information

Site data information is another critical type of marketing tool. Economic development is not called "site selection" for nothing! This is an area where a small community need not be at a disadvantage compared with larger cities. I am always amazed by large communities that have gorgeous, four-color brochures and videos on their "quality of life," but have only a poorly organized file of incomplete, fly-specked, fifth-generation, photocopied site information, complete with hand-drawn maps. Site data sheets can be prepared in much the same way as any other data sheet, allowing quick revision and permitting you to show prospects just the site or sites that meet their needs.

What information should a site sheet contain? The following site evaluation checklist indicates those things a prospect will want to know and you should be prepared to answer.[2]

---

2. This site selection checklist is modified from the article "Selecting the Right Site: Will You Make the Wrong Decision?" authored by Phillip D. Phillips, which appeared in *Area Development* magazine in March 1984.

1. Physical Characteristics
   - Site size
   - Usable acreage
   - Slope and drainage
   - Designated floodplain locations (if present)
   - Soil type and bearing capacity
2. Environment
   - Present use
   - Zoning classification
   - Surrounding uses
   - Expansion potential
3. Utilities
   - Electricity
   - Water
   - Sewer
   - Natural gas

   For each of these utilities, data should be provided on the supplier, location, and capacity of service line(s) and on the cost and terms of any necessary extensions.
4. Transportation
   - General highway access
   - Quality and capacity of specific site access roads
   - Cost and time required for necessary road improvements
   - Rail access (if available), including service level and cost of spur extension or siding
5. Protection
   - Police jurisdiction
   - Fire jurisdiction
   - Fire insurance rating
6. Political factors
   - General political jurisdictions that the site is in (city, county, township, school district, etc.)
   - Tax rates and assessment ratios
   - Annexation agreements

7. Available incentives
   - Tax increment financing
   - Enterprise zone
   - Others
8. Ownership
   - Title
   - Easements
   - Mineral rights
9. Site preparation
   - Removal of vegetation, cost
   - Removal of existing structures, cost
   - Grading requirements, cost
10. Site cost
    - Option cost and terms
    - Sales price
    - Improvements included in sales price

Site cost is a must, and "negotiable" is not an acceptable answer. All site prices are negotiable, and the prospect knows this. The question is where the negotiating will start.

A good site map is also essential. The map does not have to be a cartographic wonder, but it does need to be accurate, readable, and complete. The map should clearly indicate the property boundaries of the site, the location of access roads, and the location and size of utility lines. An acceptable map can be compiled by any competent draftsperson. This might be someone with a local planning agency or your city engineer or county highway department. Generally these groups will be willing to produce a few site maps at no charge if you are willing to let them do it as fill-in work. An example of an acceptable site map is provided in Exhibit 19 (page 156).

The importance of good data sheets and site maps cannot be overestimated. These are the tools by which a small community conveys many of its basic marketing messages. Advantages in cost, quality, and performance as well as the features that make your community special can be presented. Moreover, high-quality data sheets and site information are the initial way for your community to demonstrate its competence even to a prospect who has never visited you.

Direct Mail Advertising

Direct mail is a relatively low-cost means by which a smaller community can reach prospects who have been targeted on the basis of industry and geographic location (chapter 7). Direct mail is such an effective and cost-efficient sales tool because the target audience has been specifically identified. Thus a small community in northwestern Ohio selected auto parts producers in the Detroit and southeast Michigan area as a target industry. Through direct mail, the community reached just these companies, rather than all auto parts manufacturers, as it would if it had advertised in an automotive trade journal, or all companies in southeast Michigan, as it would if it had advertised in a regional business magazine.

Sources of names for targeted industry mailings include professional mailing list firms and industrial directories. Several large publishers of special interest industry magazines, such as Cahners Publications, provide mailing lists targeted by industry, location, and title of the recipient.

State manufacturing directories are also a good way to build your own mailing list. These directories typically give a wide variety of information about a business, such as sales, employment, and officers, and they are cross-indexed by product and location.

Because the audience receiving a targeted mailing is small, the sales message can be tailored to this audience. A specific cover letter pointing out advantages of the area for the firm should be included, as well as more standard fact sheets and information on sites and available buildings. Moreover, the mailing can be sent to the personal attention of the prospect by name and title. As with all economic development advertising, you should not expect a targeted mailing to have immediate effects. Your mailing is unlikely to arrive on the day a company begins a site search! Rather, your goals are to build awareness of your community and to get some information about it into the target firm's files.

Response is not likely to come from a single mailing either. You should follow up on the mailing with a telephone call to ensure that it was received and, if possible, to arrange an in-person sales visit. Only a low proportion of call-backs are likely to lead to any further interest and an in-person visit. Although the potential rewards are great, this type of selling is full of rejection and is not for everybody. Even the most determined community booster can become discouraged by refusals and lack of interest.

Face-to-Face Meetings

If a face-to-face meeting is arranged, a telephone sales call will make you better prepared to discuss the individual firm's specific interests and

needs. This visit will almost always be in a metropolitan center only a few hours' distance from your community. Be sure to find out whether the firm is actively seeking a new location or is just "tire kicking." If possible, also find out during your telephone conversation what their most important site selection criteria are. Even if you can't arrange a face-to-face meeting on a telephone call-back, follow up with a personal note and specific information relevant to the company's needs.

Be sure to do your homework before making the substantial investment of time and money required to actually visit a prospect. Learn as much as you can about their industry through its trade magazines, and learn as much as possible about the firm through manufacturing directories of specialized business described in chapter 7, "Targeting Development Efforts." You must be prepared to explain to the prospect why your community meets his or her company's needs, and you can't do this if you do not know what those needs are. Also, have a group of two to four community representatives visit the prospect. If possible, never send a single individual. Another person can always be thinking while the first is talking and can "save" him or her if the presentation begins to go awry (which happens to the best of us). Avoid having too many people, however—you don't want to overwhelm the prospect.

Keep face-to-face selling simple. Generally the company representative will not have a great deal of time to spend with you. It is, therefore, important that you keep the presentation direct and that you don't distract with too many gimmicks. One of the most unfortunate face-to-face selling visits I ever saw was presented by a group of representatives from a small community in Iowa. The delegation, which had been allowed 20 minutes by the prospect to make its presentation, consisted of eight people in two cars. Half of the group arrived while the other car searched for a parking place. After 10 minutes of chitchat and time killing, the second group, which had brought a video presentation, arrived. They set up their presentation, which would not work. After 5 minutes of panic, they were able to show their video. No time remained for questions or any other one-on-one interaction; they could have mailed the video.

Video and Print Advertising

Video presentations are popular in economic development today, but like everything else they have a time and a place, and often they do not fit well with a small community's development efforts. The cost of a professional video is high—probably $10,000 to $12,000 for a 10- to 12-minute video. Be warned that a poorly written and produced video will do far more harm than good for your community's image. Moreover,

videos quickly become outdated and have to be redone, at least in part, at further expense. Finally, the opportunity to use a video effectively is rare outside of a trade show or chamber of commerce office, where people come to you.

Magazines and other print media are not likely to be part of an individual small community's promotion efforts. An individual advertisement in a site selection or business magazine is expensive. A single advertisement is also likely to be of little use because your goal is to make site selectors aware of your community rather than to catch them on the specific day that they are going to make a decision, which is unlikely. Advertising research shows that repetition is the basis of making a lasting impression—that's the reason you see those same commercials so often on television. Beyond the cost of space, print advertisements entail high costs for typesetting, art, and copy. An amateur ad is similar to an amateur video presentation: it says a great deal about your community—all of it bad.

Working With Development Allies

Smaller communities can take advantage of magazine advertising, use videos, and attend trade shows by working with their "development allies." Who are your development allies? These are the other groups that have a vested interest in seeing your community succeed—regional development coalitions, utility companies, and state development departments. By being part of these groups, you can be part of a "big budget" development organization at a modest cost or no cost whatsoever, though being an active participant will require your time.

The Central Illinois Corridor Council is a good example of a regional development organization. The council is a coalition of 25 development organizations in 21 counties in central Illinois. Member organizations range from economic development corporations in metropolitan areas, such as Peoria and Springfield, to communities of fewer than 5,000, such as Dwight, Gibson City, and Savoy. Membership in the Corridor Council costs $1,000 per year for a small community. For this fee, a small community is represented in a national media campaign (see Exhibit 20, page 158), high quality promotional brochures, trade show delegations, and even foreign prospecting trips to Japan.

Departments of commerce and utility companies promote communities within their state or service territory free of charge. For the state, your community's success means more jobs, more income, and, not incidentally, more tax revenue. The utilities serving your community know that your success means more customers and more revenue. The

key to working with these groups is performance. The number of good development prospects is limited and they want to take the prospects that they do get to communities that will be good partners in promoting a location in their state or service territory. Your state commerce department and utilities are very important. Invariably they bring in the majority of outside site seekers (especially the bigger companies). They are also invaluable allies in putting together packages to retain existing companies and to help them expand.

The best strategy for working with development allies is:

- Become known. Visit your department of commerce and utility company development department offices.
- Provide information. Make sure that they have the latest community and site data for your area.
- Get to know the representatives serving your area on a personal basis.
- Keep up contact. Call back every few months just to chat, even if you have no specific project in mind. Let them know what is happening in your area and find out what you can do about their activities.
- Work hard for prospects that they bring through. Even if you don't succeed in landing a prospect, your development allies will be back if you have done a hard-working, professional job of serving clients they bring through.

A final potential ally is the professional site selection firm. A few major consultants handle a large proportion of the major manufacturing and office locations in the United States. For example, the PHH Fantus Company of Chicago and New York served as site consultants for Volkswagen, Mitsubishi, Toyota, Mazda, and Isuzu in establishing their North American plants. Site selection consultants often represent smaller companies as well, so it behooves any community to be on their good side. Likewise, engineering, accounting, and architectural firms often become involved in the site selection decision.

Take prospects represented by consultants very seriously (even if the consultant will not reveal the prospect's identity) because consultants not only work frequently, but they are paid large fees. A company is unlikely to engage a consultant unless it is seriously interested in a new facility location and is ready to do something. A good list of site selection consultants may be found in the *Annual Site Seekers Guide,* published by *Business Facilities* magazine.

The Sales-Marketing-Community Development Connection

Sales messages and campaigns for economic development are part of a long-term, strategic marketing approach. In the short run, economic development sales materials must minimize shortcomings and problems. In the longer run, however, an effective development agency must seek to overcome or mitigate these problems.

A strategic approach to economic development, as described in this book, will help your community develop a realistic marketing campaign by defining its comparative advantages and targeting its sales and retention efforts. Likewise, working to attract outside prospects and retain local firms can greatly refine an economic developer's understanding of the area and its assets and liabilities.

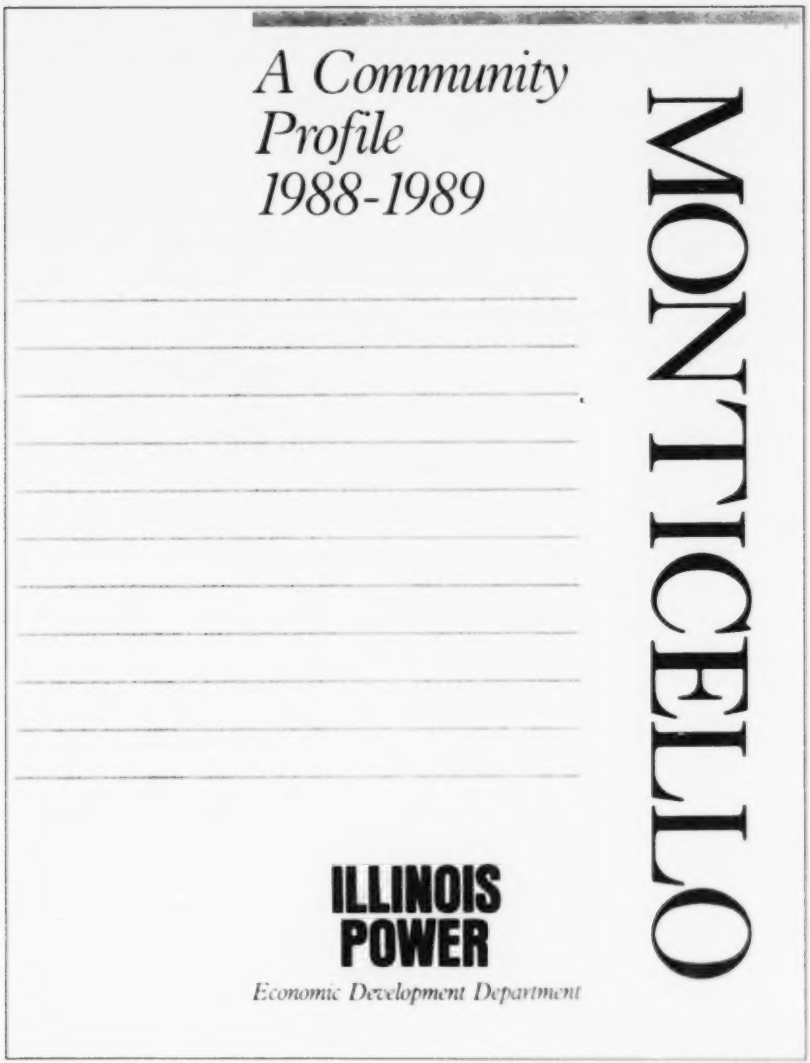
To take the greatest advantage of the marketing approach to economic development, you must work closely with many other groups, including local and state government, planning agencies, utilities, chambers of commerce, and service clubs. By cooperating, these agencies can work not only to sell your community, but can also work toward making your area a better, more salable product and meet the needs of future site selectors.

Such a marketing and product development approach is vital in this era of escalating economic development competition and rapid technological change. Communities not adopting a comprehensive marketing and product improvement approach are almost certain to be left behind in the increasingly competitive world of economic development.

Sources of Information

Sources of further information listed in the bibliography are *Marketing Cities in the 1980s and Beyond* by John T. Bailey; *Marketing Strategies for Local Economic Development,* published by the Council for Urban Economic Development; *Marketing Your Community* by Jeffrey P. Davidson; "Economic Development: A Marketing Approach" by Phillip D. Phillips; and *Marketing for Communities* by Toni F. Schlegel.

Exhibit 18
Sample Community Data Brochure



MONTICELLO, ILLINOIS

HIGHWAY DISTANCE TO:

	Mi.	Km.		Mi.	Km.
CHICAGO	154	251	ST. LOUIS	139	226
DETROIT	396	626	INDIANAPOLIS	134	243

POPULATION

	1960	1970	1980	1990 (est.)*
CITY	3,219	4,130	4,753	—
COUNTY (Piatt)	14,960	15,496	16,581	17,031
SMSA	N/A	N/A	N/A	N/A

Source: *Illinois Population Trends, Illinois Bureau of the Budget; July 1987

ENVIRONMENT

	JAN	APR	JUL	OCT	ANNUAL
MEAN TEMPERATURE (°F)	24.7	52.3	75.2	55.3	51.8
PRECIPITATION NORMALS (in.)	1.99	4.28	4.38	2.52	38.25

PREVAILING WIND West-Southwest/9.8 MPH

AIR QUALITY — MAJOR POLLUTANT CLASSIFICATIONS

TOWNSHIP	TSP	NO_2	CO	SO_2	O_3
Piatt County	A	A	A	A	P/U

P — Primary Standard Exceeded
S — Secondary Standard Exceeded
P/U — Primary Standard Unclassifiable
S/U — Secondary Stand. Unclassifiable
A—Attainment

Source: Geographic Designations of Attainment Status of Criteria Pollutants, Illinois EPA, April 1988

GOVERNMENT

FORM	Mayor/Council	
POLICE PROTECTION	City - 8	County - 10
FIRE PROTECTION	Fulltime - 0	Volunteer - 20
FIRE INSURANCE RATING	Class # 7	

PLANNING COMMISSIONS
City — Monticello Planning Commission
County — Piatt County Planning Commission, Local

ZONING
City — Monticello Planning Commission zoning ordinance in effect
County— Piatt County zoning ordinance in effect

CODES
BOCA, National Electric Code and State Plumbing Code

TAXATION

	1985	1986	1987
Township (Monticello)	.3257	.2746	.1795
CITY	.1813	.1755	.1652
COUNTY	.7797	.7918	.7718
SCHOOL	2.3314	2.2736	2.7355
ALL OTHERS	.5534	.5399	.1664
TOTAL	4.1715	4.0554	4.0184
EQUALIZER	1.0236	1.0425	1.0452

BASIS OF ASSESSMENT

Real estate property is assessed at 33-1/3% of fair market value, and the tax rate is applied to each $100 of assessed valuation.

WATER TREATMENT

OPERATOR	City of Monticello
SOURCE	4 Wells
MAXIMUM PUMPING CAPACITY	1,500,000 GPD
MAXIMUM TREATMENT CAPACITY	1,500,000 GPD
AVERAGE DAILY DEMAND	750,000 GPD
PEAK DAILY DEMAND	1,000,000 GPD
RESERVE TREATMENT CAPACITY*	500,000 GPD

*Reserve Treatment Capacity = Maximum Treatment Capacity Less Peak Daily Demand

SEWAGE TREATMENT

OPERATOR	City of Monticello
TREATMENT PROCESS	Trickling Filter & Activated Sludge
PLANT DESIGN CAPACITY	1,000,000 GPD
AVERAGE DAILY DEMAND	600,000 GPD
RESERVE TREATMENT CAPACITY*	400,000 GPD

*Reserve Treatment Capacity = Plant Design Capacity Less Average Daily Demand

SOLID WASTE DISPOSAL

General Refuse: City of Monticello; EPA permitted

ELECTRICITY

Illinois Power Company

NATURAL GAS

Illinois Power Company

TELEPHONE

General Telephone Company

EDUCATION

	NUMBER OF SCHOOLS	NUMBER ENROLLED	STUDENT/TEACHER RATIO
ELEMENTARY (K-8)	2	942	14.9/1
SECONDARY (9-12)	1	463	12.6/1
PRIVATE / PAROCHIAL	1	41	8.6/1

VOCATIONAL

NAME	LOCATION	NUMBER OF PROGRAMS
Decatur Area Vocational Center	Decatur (26 mi. SW)	25
Richland Community College	Decatur(22 mi. SW)	24

COLLEGES/UNIVERSITIES

NAME	LOCATION	DESCRIPTION
University of Illinois	Champaign-Urbana (25 mi. NE)	4 yr. state funded
Millikin University	Decatur (27 mi. SW)	4 yr. private
Parkland Junior College	Champaign (20 mi. NE)	2 yr. state funded
Richland Community College	Decatur (22 mi. SW)	2 yr. state funded

FINANCIAL INSTITUTIONS

	NUMBER
BANKS	2
SAVINGS AND LOANS	2

HEALTH CARE

HOSPITALS	1 (23 bed capacity)
DOCTORS	6
DENTISTS	3

HIGHWAYS

ROUTE	DISTANCE	DIRECTION
Interstate 74	18 miles Northeast	East/West
Interstate 72	2 miles North	East/West
Interstate 57	15 miles Northeast	North/South
Illinois 105	Local	South

RAILROADS

COMPANY	TRACK CLASSIFICATION	DIRECTION
Norfolk & Western	Secondary Main Line	North/South

INTERMODAL CARRIERS

(None readily accessible)

AIRPORTS

NAME/CITY	DISTANCE	COMMERCIAL SERVICE
Monticello Airport/Monticello	1 mile South	None
Frasca Field/Urbana	25 miles Northeast	None
U of I Willard Airport/Champaign	28 miles Northeast	Passenger & Freight
Decatur Airport/Decatur	33 miles Southwest	Passenger & Freight

WATERWAYS

(None readily accessible)

GENERAL COMMODITY MOTOR CARRIERS

Common Carriers — 30 Terminals — 0

Source: American Motor Carrier Directory - Spring, 1988

CIVILIAN LABOR FORCE

EMPLOYMENT AND UNEMPLOYMENT

	Piatt County Labor Market Area*					
	1983	1984	1985	1986	1987	% CHANGE**
TOTAL CIVILIAN LABOR FORCE	7,657	7,509	7,518	8,250	8,100	5.8%
EMPLOYMENT	6,734	6,841	6,884	7,450	7,400	9.9%
UNEMPLOYMENT	923	668	634	800	700	-24.2%
UNEMPLOYMENT RATE	12.1%	8.9%	8.4%	9.5%	8.5%	-29.8%

*Workers counted by place of residence
**Compares 1987 to 1983
Source: Illinois Department of Employment Security

NON-AGRICULTURAL WAGE & SALARY EMPLOYMENT

	Piatt County Labor Market Area*					
	1983	1984	1985	1986	1987	% CHANGE**
MANUFACTURING						
Durable Goods			Not Available			
Non-durable Goods			Sampling too small for			
NON-MANUFACTURING			statistical validity			
PUBLIC SECTOR						
TOTAL EMPLOYMENT						

*Counted by place of work
**Compares 1987 to 1983
Source: Illinois Department of Employment Security

MANUFACTURING WAGE RATES*

OCCUPATION	AVERAGE HOURLY WAGE RATES ENTRY RATE	TOP RATE
Assembler - Electronics	8.60	9.50
Assembler - Production	8.60	9.50
Drill or Punch Press	8.75	11.00
Janitor, Porter, Cleaner	8.55	9.50
Machinist	9.50	10.25
Maintenance Mechanic	9.05	10.00
Sewing Machine Operator	3.00	5.00
Sheet Metal Worker	8.50	10.00
Tool & Die Maker	9.50	12.00
Warehouse Worker	8.45	10.00
Welder	9.05	11.00

*Wage rates do not include fringe benefits

Source: Illinois Department of Commmerce and Community Affairs, January, 1988

MAJOR EMPLOYERS

FIRM	PRODUCT/ SERVICE	DATE ESTAB.	EMPLOY-MENT	UNION
Advanced Drainage Systems, Inc.	Plastic tubing	1976	30	None
General Cable Company	Communication cable	1955	490	IBEW
Piatt County Service Company	Aqua ammonia, petroleum, fertilizer, L.P. gas	1947	35	None
Ring Can Company	Plastic containers	1986	30	None
Viobin Corporation	Pharmaceuticals, wheat germ	1935	60	None

Exhibit 19
Sample Site Description

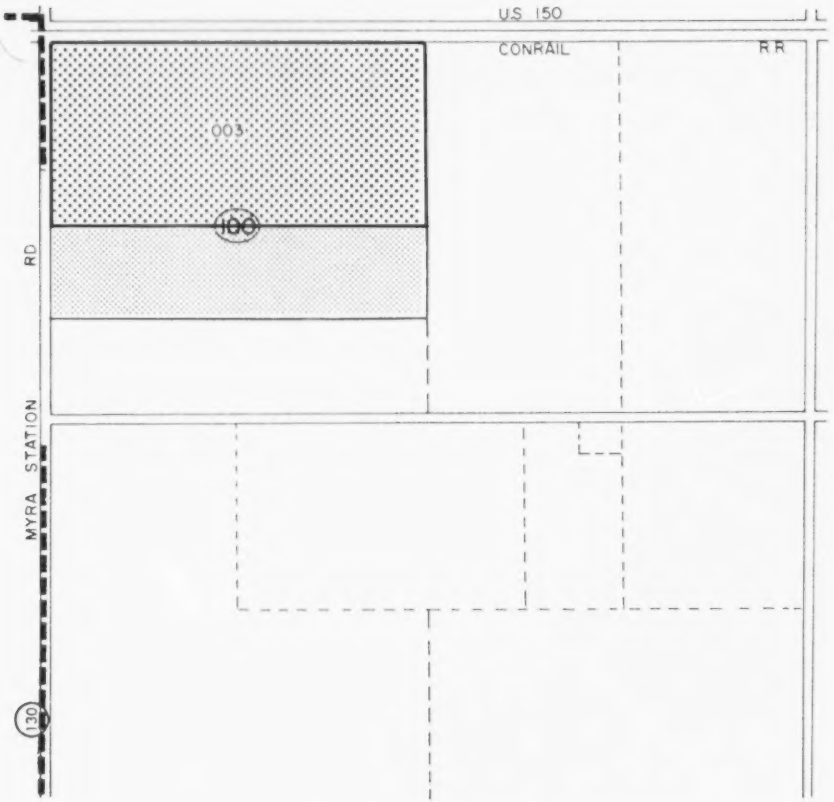
SUNNYCREST SITE
(Urbana, Illinois)

ACREAGE	78 acres, unsubdivided Price per acre: $16,000 for up to 30 acres; fully improved
OWNER	Wilmar Otto 202 South Chestnut Arcola, Illinois (217) 268-3051
ZONING	Agriculture, Champaign County (Annexable to City of Urbana and Enterprise Zone)
UTILITIES	Only Sanitary Sewer and Electricity currently available to Site: NATURAL GAS - 6" main 40' from site, Illinois Power Co. WATER - 10" main 2400' from site, Northern Illinois Water Co. SANITARAY SEWER - 10" MAIN (n.w. CORNER) Urbana/Champaign Sanitary District ELECTRICITY - 138 KV, Illinois Power Co. TELECOMMUNICATIONS - Illinois Bell Telephone
TOPOGRAPHY	Generally level, drainage to the southeast; not located in the Flood Hazard Area as defined by the National Flood Insurance Program.
TAXES	Available upon request Tax Number: 30-21-14-100-003
TRANSPORTATION	HIGHWAY - adjacent to U.S. 150, 1.6 miles from the U.S. 150/I-74 Interchange RAILROAD - Conrail AIR - 9 miles from the U of I Willard Airport

DATE February 1989

SUNNYCREST

(30-21-14-100-003)

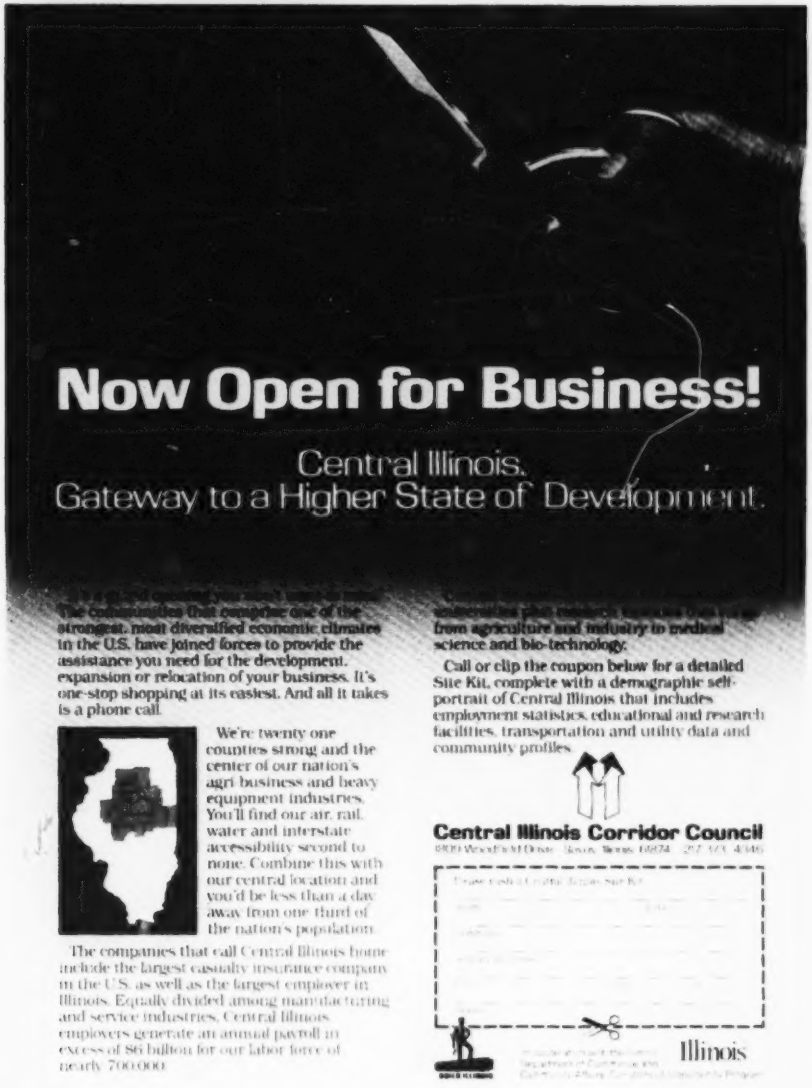


Sewer

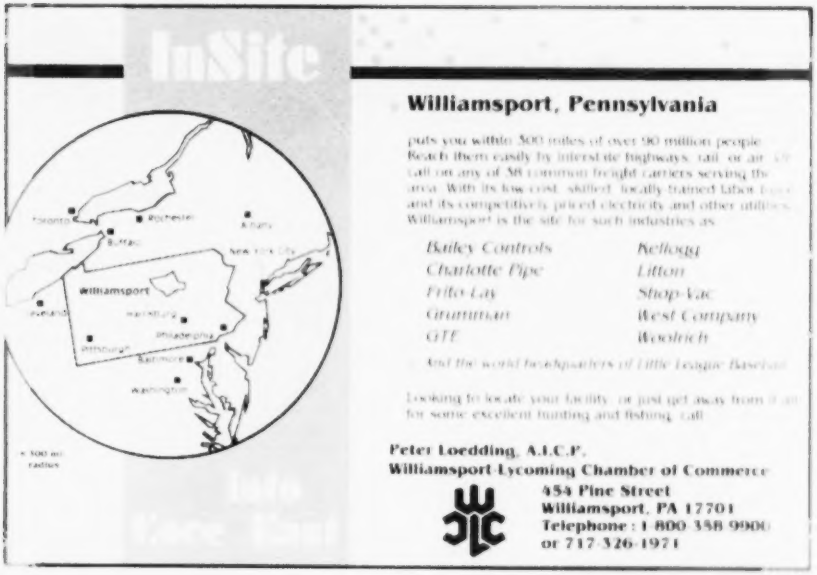
Scale

0 400' 800'

Exhibit 20
Sample Community Ads

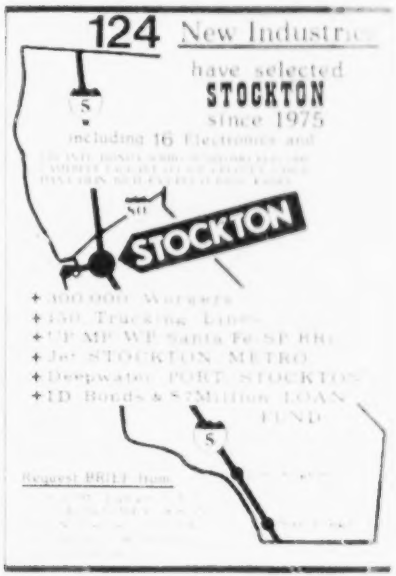

Now Open for Business!
Central Illinois.
Gateway to a Higher State of Development.
The communities that comprise one of the strongest, most diversified economic climates in the U.S. have joined forces to provide the assistance you need for the development, expansion or relocation of your business. It's one-stop shopping at its easiest. And all it takes is a phone call.
We're twenty one counties strong and the center of our nation's agri-business and heavy equipment industries. You'll find our air, rail, water and interstate accessibility second to none. Combine this with our central location and you'd be less than a day away from one third of the nation's population.
The companies that call Central Illinois home include the largest casualty insurance company in the U.S. as well as the largest employer in Illinois. Equally divided among manufacturing and service industries, Central Illinois employers generate an annual payroll in excess of $6 billion for our labor force of nearly 700,000.
from agriculture and industry to medical science and bio-technology.
Call or clip the coupon below for a detailed Site Kit, complete with a demographic self-portrait of Central Illinois that includes employment statistics, educational and research facilities, transportation and utility data and community profiles.
Central Illinois Corridor Council
Illinois

Advertisement courtesy of Central Illinois Corridor Council, Savoy, Illinois.



(above) Advertisement courtesy of Williamsport-Lycoming Chamber of Commerce, Williamsport, Pennsylvania.

(right) Advertisement courtesy of SJC Economic Development Association, Stockton, California.



We can help your business to expand in:

The GREAT AMERICAN COUNTY

LAKE COUNTY, ILLINOIS

Contact: Charles C. Isely III
Waukegan/Lake County
Chamber of Commerce
414 N. Sheridan Road
Waukegan, Il 60085-4096

SAVE

$1,655,686

IN TAXES

Doing **business in the Calumet Region Enterprise Zone** can pay for **itself. Invest $2 million** now and **save $1,655,686** over the next ten **years.**

FOR MORE INFORMATION, CALL OR WRITE
ROBERT M. PILAT
ZONE ADMINISTRATOR
14014 PARK AVENUE
DOLTON, ILLINOIS 60419
(312) 849-4000

CALUMET REGION ENTERPRISE ZONE

ZION, ILLINOIS

"We've Planned For You, Come Grow With Zion"

Milwaukee
WISCONSIN
ZION
Lake County
Chicago
ILLINOIS

Abundant Water, Sewer and Power
Improved Industrial Parks
Productive, Quality Work Force
Access to Markets, JIT, and Suppliers
Job Training Programs
Award-Winning Elementary & Secondary Schools
Financial Assistance Programs
Excellent Transportation: I-94 and Rail Plus
Local Airport with U.S. Custom Services
Fine Recreational Facilities - Local Hospital
Balanced Community Development Program in Place
An Aggressive Local Development Corporation

(above left) Advertisement courtesy of Waukegan/Lake County Chamber of Commerce, Waukegan, Illinois; (above right) Advertisement courtesy of Calumet Region Enterprise Zone, Dolton, Illinois; (below) Advertisement courtesy of City of Zion, Community Development, Zion, Illinois.

Here in the heartland we teach our kids to ride bicycles instead of subways

Come home to Central Illinois.

When most people picture Central Illinois, they think of a great growing place for corn and soybeans. What they often don't realize is that the heart of Illinois is a great growing place for people, too. The lower cost of living, progressive schools, diverse recreational opportunities and positive Midwestern values are perfect for growing happy, healthy families.

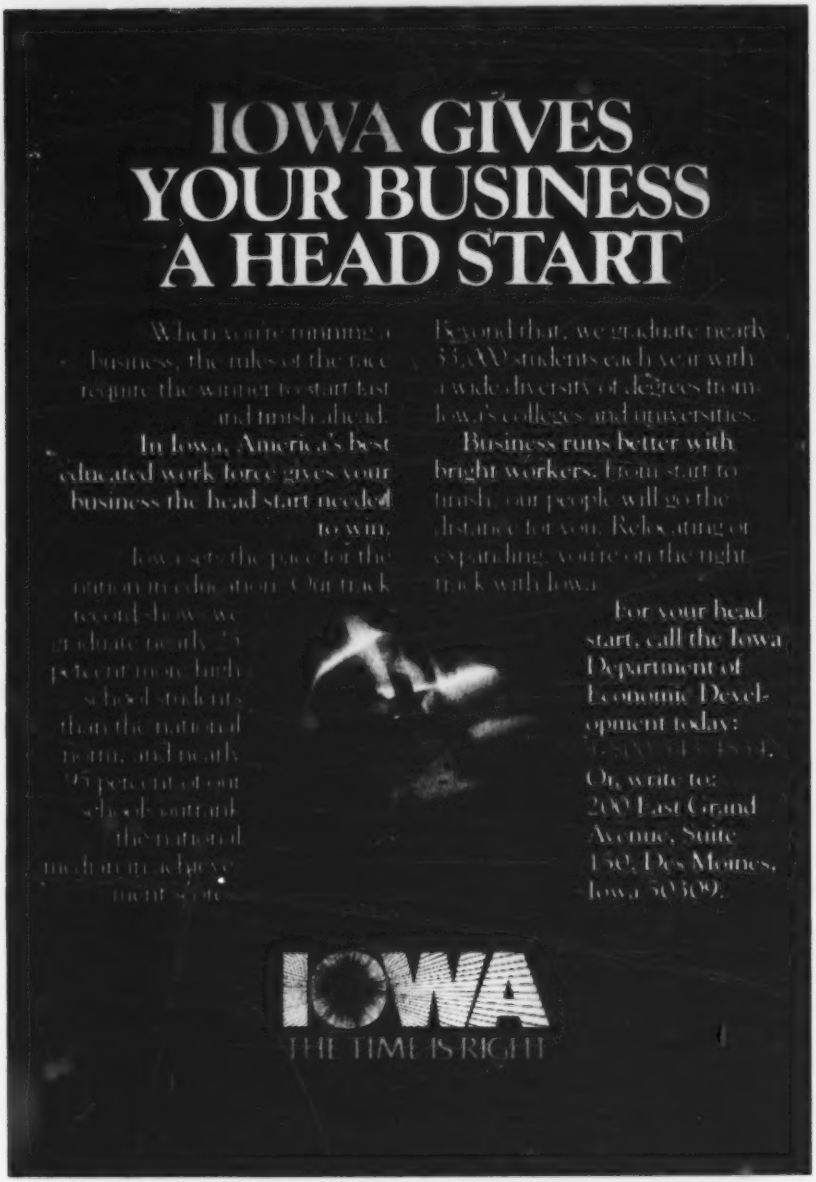
So when you think of relocating your business, after you've investigated the sun belt, the fun belt and all the other vacation spots, come home to the heart of Illinois. It's a great place for a growing family and a growing business.

For a brochure on Central Illinois, write to Jim Hall, Vice President of Central Illinois Light Company, 300 Liberty, Peoria, IL 61602, or call (309) 675-5015. **And, be sure to ask about CILCO's stable energy rates and our new incentive rates that could save your company up to 50% on electric costs.**

Central Illinois ... a good place for a growing business.

CILCO
Central Illinois Light Company

Advertisement courtesy of Central Illinois Light Company, Peoria, Illinois.


IOWA GIVES
YOUR BUSINESS
A HEAD START
When you're running a business, the rules of the race require the winner to start fast and finish ahead.
In Iowa, America's best educated work force gives your business the head start needed to win.
Iowa sets the pace for the nation in education. Our track record shows we graduate nearly 5 percent more high school students than the national norm, and nearly 95 percent of our school-aged children attend the nation's most efficient achievement
Beyond that, we graduate nearly 55,000 students each year with a wide diversity of degrees from Iowa's colleges and universities.
Business runs better with bright workers. From start to finish, our people will go the distance for you. Relocating or expanding, you're on the right track with Iowa.
For your head start, call the Iowa Department of Economic Development today:
Or, write to: 200 East Grand Avenue, Suite 150, Des Moines, Iowa 50309.
IOWA
THE TIME IS RIGHT

Advertisment courtesy of Iowa Department of Economic Development, Des Moines, Iowa.

Annotated Bibliography

Information is the basis for a successful community economic development program, and an incredible array of information is available at modest or no cost to an economic development agency even though it has a small budget. The following bibliography lists a variety of high quality publications and provides a brief description of the contents of each. You may wish to acquire some or all of these to create your own development library, or you may use your local or regional public library, which should have most of these publications and may order others. This bibliography also indicates periodicals, reference materials, and membership organizations of particular interest to economic developers. Through these sources you can tap into the flow of information and ideas in the field and keep yourself continuously updated.

Books and Articles

American Association of State Colleges and Universities and SRI International. 1986. *Higher Education Economic Development Connection: The Emerging Roles for Public Colleges and Universities in a Changing Economy.* Washington, D.C.: American Association of State Colleges and Universities and SRI International. xi + 81 pp.

Describes economic development activities that various types of higher education institutions, ranging from community colleges to research universities, can be involved in. Designed for a higher education audience, but provides a good shopping list of assistance activities for communities.

American Economic Development Council. 1984. *Economic Development Today, A Report to the Profession.* Schiller Park, Ill.:, American Economic Development Council. 48 pp.

Discusses the current situation of the economic development profession, trends influencing economic development, the impact of technology, education, and financing on the economic developer, and professional opportunities for developers. Though a few years old, this is still a very good introduction to many aspects of the field.

American Economic Development Council Educational Foundation. 1986. *Readings in Economic Development, Vol. I.* Schiller Park, Ill.: American Economic Development Council. iv + 289 pp.

A selection of articles from the *Economic Development Review* covering concepts, strategies, organization, financing, marketing, and other aspects of economic development practice.

American Economic Development Council Educational Foundation. 1988. ***Readings in Economic Development, Vol. II.*** Schiller Park, Ill.: American Economic Development Council. 216 pp.

A selection of articles from the *Economic Development Review* covering strategic planning, financing, labor force, targeting, preparation of visual materials, retention programs, new business creation, marketing, and other aspects of economic development practice.

American Economic Development Council and The Fantus Company. 1988. ***Guidelines for Establishing an Economic Development Organization.*** Schiller Park, Ill.: American Economic Development Council. v + 66 pp.

Discusses issues involved in creating a new economic development group, including organizational structure, types of functions the agency may perform, budget, and funding. Also presents case studies and results of surveys of development organizations.

American Economic Development Council Educational Foundation and Arthur D. Little, Inc. 1987. *Technology Application: The Role of the Economic Developer in Improving the Competitiveness of Existing Industry.* Schiller Park, Ill.: American Economic Development Council. 53 pp.

Reviews the efforts of local economic development agencies to use technology development, transfer, and application as means to support the viability and growth of existing local industries. Provides case studies and an annotated bibliography.

Ayres, Janet, et al. 1989. *Take Charge: Economic Development in Small Communities.* Ames, Iowa: North Central Regional Center for Rural Development.

Work sheets, checklists and exercises for assessment of community economic base and strengths and weaknesses.

Bailey, John T. 1989. *Marketing Cities in the 1980s and Beyond: New Patterns, New Pressures, New Promise.* Schiller Park, Ill.: American Economic Development Council. ii + 57 pp.

Describes the roles of defining marketing objectives, targeting, marketing mix, and the growing relationship of marketing and traditional economic development functions to broader community development programs. Presents numerous case examples and summary data on economic development marketing.

Bartsch, Charles S., and Andrew S. Kessler. 1989. *Revitalizing Small Town America: State and Federal Initiatives for Economic Development.* Washington, D.C.: Northeast-Midwest Institute Center for Regional Policy. v + 314 pp.

An excellent summary with examples of state programs to assist business financing, new business development and support of existing businesses. Describes federal programs, including the Farmers Home Administration, Department of Housing and Urban Development, Department of Commerce, Small Business Administration, Department of Transportation, and Department of Labor. Also describes available tax incentives.

Bessire, Howard D. 1981. *A Handbook for the Eighties: Industrial Development*. El Paso, Tex.: Hill Printing Company. x + 492 pp.

An excellent and complete guide to traditional industrial development by a seasoned developer. Includes discussions of establishing development programs, preparing the community for development, prospect development techniques, industrial site planning and development, and financing economic development programs.

Blakely, Edward J. 1989. *Planning Local Economic Development: Theory and Practice*. Newbury Park, Calif.: Sage Publications. 307 pp.

Extensive review of community economic development programs and policies, including national and local trends, planning and analytical techniques, strategy development, community governmental programs, human resource development, and assessment of the viability of individual projects.

Browning, William O. 1983. *Economic Development: Retention and Expansion*. Indianapolis, Ind.: American Chamber of Commerce Executives. 32 pp.

An excellent though somewhat older guide to the techniques of business retention.

Conway, McKinley, and Linda L. Liston. 1987. *Facility Planning Technology*. Norcross, Ga.: Conway Data, Inc. viii + 935 pp.

A massive collection of more than 200 articles reprinted from *Industrial Development and Site Selection Handbook*. Five major sections cover corporate asset management and strategies, property administration and real estate management, location analysis and site selection, facility design technology, and telecommunications and office development.

Corporation for Enterprise Development. Issued annually. *Making the Grade: The Development Report Card for the States*. Washington, D.C.: Corporation for Enterprise Development.

A radically different alternative to the traditional "business climate" indices issued by the Grant-Thornton accounting firm. Divides

business climate into four separate areas: economic performance, business vitality, capacity for growth, and state development policy.

Corporation for Enterprise Development. 1986. *Taken for Granted: How Grant-Thornton's Business Climate Index Leads Astray.* Washington, D.C.: Corporation for Enterprise Development.

Provides a thorough critique of both the assumptions and methodology of the Grant-Thornton business climate study. Concludes that Grant-Thornton's approach is outdated and simplistic and outlines a better rationale and methodology for measuring business climate.

Council for Urban Economic Development. 1985. *Creating New Jobs by Creating New Businesses.* Washington, D.C.: National Council for Urban Economic Development. viii + 71 pp.

A how-to oriented guide to operation of new business incubators, including assessment of feasibility, sources of financing, provision of services, staffing, and management. Also discusses results that can be expected from an incubator and presents case studies.

Council for Urban Economic Development. 1986. *Marketing Strategies for Local Economic Development.* Washington, D.C.: Council for Urban Economic Development. 42 pp.

Presents the elements of a marketing plan, marketing mix, and marketing tools and presents several examples of successful marketing programs.

Council for Urban Economic Development. 1987. *Developing Strategies for Economic Stability and Growth.* Washington, D.C.: National Council for Urban Economic Development. 62 pp.

Presents ideas on how a community can improve its competitive position. Includes discussions on evaluating business climate and community potential for capital investment as well as targeting development efforts. Also presents case studies of larger communities.

Council for Urban Economic Development. 1987. *Entrepreneurial Development: Formalizing the Process.* Washington, D.C.: Council for Urban Economic Development. 39 pp.

Presents the rationale and methodologies for providing human resource, technical, physical space, and financial assistance to start-up companies by establishing an entrepreneurship development corporation.

Darling, David L. *Steps to a Successful Town Meeting* (1984); *Understanding Your Community's Economy* (1987); *Setting Community Eco-*

nomic Goals (1988); and *Strategies for Economic Development* (1988) Kansas State University Cooperative Extension Service. 4 pp. each.

A series of short discussions of key economic development topics suitable for distributing to development volunteers.

Davidson, Jeffrey P. 1986. *Marketing Your Community.* Washington, D.C.: Public Technology, Inc. xii + 81 pp.

A discussion of general community marketing with an emphasis on economic development. Describes development of marketing plans, marketing strategies (including a chapter on low-cost strategies), and pitfalls to avoid. Case studies and bibliography included.

Evans, Robert H. 1986. *The Practical Approach to Industrial Development.* Jonesboro, Ga.: Pacesetter Publications. 100 pp.

A seasoned economic development professional from a small Georgia community presents his experience and observations on the practice of industrial attraction.

Gildner, Judith, ed. 1986. *Retention and Expansion: Business Visitation Programs.* 6 pp; and 1987, *Retention & Expansion: Success Stories,* 5 pp. Ames, Iowa: North Central Regional Center for Rural Development.

Describes techniques of organizing a retention and expansion visitation program and the short- and long-term benefits of such a program.

Grant-Thornton. Issued annually. *Annual Study of the General Manufacturing Climates of the Forty-Eight Contiguous States of America.* Chicago, Ill.: Grant-Thornton.

The most watched and most criticized of the business climate measurers, this index, though recently revised, still emphasizes traditional least-cost locations (and especially low taxes) over high quality of education and infrastructure. (See Corporation for Enterprise Development for an alternative approach.)

Harding, Ford, and Phillip Phillips. 1983, April. "Bull's-Eye! How to Target the Right Industry for Your Community." *Planning,* pp. 18-19.

A review of the why and how of developing a targeted program for business expansion and community marketing.

Honadle, Beth Walter. 1986. *An Annotated List of Organizations Contributing to Rural Economic Development.* Washington, D.C.: U.S. Department of Agriculture Extension Service. 10 pp.

Includes federal agencies, public interest groups, professional associations, and private financing corporations.

Hustedde, Ron, Ron Shaffer, and Glen Pulver. 1984. *Community Economic Analysis: A How To Manual.* North Central Regional Center for Rural Development. 84 pp.

Introduces the technical tools used in community development analysis, including employment multipliers, location quotients, and shift/share analysis and shows how they are calculated.

Illinois Department of Commerce and Community Affairs. 1986. *The Community Industrial Preparedness Manual.* Springfield, Ill.: Illinois Department of Commerce and Community Affairs Bureau of Marketing. 97 pp.

This easy-to-understand manual introduces the reader to community development. The information is general and applies to almost any size community. Sample forms and questionnaires are included.

Kane, Matt and Peggy Sand. 1988. *Economic Development: What Works at the Local Level.* Washington, D.C.: National League of Cities. iv + 228 pp.

Presents techniques of effective development organization, assistance to existing businesses, new business creation, downtown development, neighborhood development, and growth management through six-page vignettes describing successful programs. Includes program contacts.

Keller, Barbara S. 1990, Spring. "Using Strategic Planning in Economic Development." *Economic Development Review,* 8(2):20-24.

Defines strategic planning and its importance to economic development. Also provides a step-by-step description of the strategic planning process.

Kolzow, David R. 1988. *Strategic Planning for Economic Development.* Schiller Park, Ill.: American Economic Development Council. 61 pp.

An excellent review of strategic planning for community economic development, including a step-by-step description of how to initiate, implement, and evaluate a strategic plan. Works from a goals, objectives, and strategies framework.

Kotler, Philip. 1984. *Marketing Management: Analysis, Planning, and Control.* Englewood Cliffs, N.J.: Prentice Hall. xxi + 794 pp.

The standard textbook on marketing, provides a good discussion of marketing tools and techniques with numerous examples from the corporate world. Provides an effective basis for understanding the more specialized world of economic development marketing.

Malecki, Edward J. 1988, February. "New Firm Startups: Key to Rural Growth." *Rural Development Perspectives,* 4(2):18-23.

Emphasizes the importance of entrepreneurship and new business start-ups over business attraction for small communities and rural areas.

Moriarty, Barry M. 1980. *Industrial Location and Community Development.* Chapel Hill, N.C.: University of North Carolina Press. 381 pp.

National Academy of Engineering. 1988. *The Technological Dimensions of International Competitiveness.* Washington, D.C.: National Academy of Engineering. 79 pp.

A good background on the nature of the foreign challenge to U.S. technology, the responses to it from federal and state government and schools, with a special section devoted to the importance of a high quality labor force.

National Association of State Universities and Land Grant Colleges. 1989. *New Alliances for Rural Economic Development,* Publication #56. Ames, Iowa: Northeast Regional Center for Rural Development.

Addresses the role that land grant universities and state colleges can play in rural economic development. Useful as a source of ideas on assistance that communities can seek from colleges and universities.

National Association of Towns and Townships. No date. *Harvesting Hometown Jobs: A Guide to Small-Town Economic Development.* Washington, D.C.: National Association of Towns and Townships. 36 pp.

A guidebook for elected community officials in small communities and rural areas. Emphasizes how community leaders can organize for economic development through community assessment, working with existing businesses, and recruiting new basic employers. Provides case studies; an accompanying video is also available.

National Association of Towns and Townships National Center for Small Communities. 1988. *Growing Our Own Jobs: A Small Town Guide to Creating Jobs Through Agricultural Diversification.* Washington, D.C.: National Association of Towns and Townships. 54 pp.

Describes development strategies based on diversifying agricultural production, value-added agricultural processing, tourism, and local crafts.

National Governors' Association. 1987. *Jobs, Growth & Competitiveness: Productive People, Productive Policies.* Washington, D.C.: National Governors' Association. xi + 85 pp.

A summary of the importance of a productive work force for making the United States competitive in the emerging world economy. Includes numerous examples of state and local initiatives for a higher quality work force and economic development.

National Rural Electric Cooperative Association. No date. *Strengthening the Rural Economy: America's Rural Electric Systems at Work.* Washington, D.C.: National Rural Electric Cooperative Association. 73 pp.

Describes the role of rural electric cooperatives in strengthening and diversifying rual economies, with examples of current programs.

North Central Regional Center for Rural Development. 1987. *Economic Development for Rural Revitalization: A Handbook.* Ames, Iowa: North Central Regional Center for Rural Development. 40 pp.

Defines critical factors affecting the current rural economy and options building community development strategies. Also presents case studies and an annotated bibliography of community development resources.

North Central Regional Center for Rural Development. 1988. *Community Economic Vitality: Major Trends and Selected Issues.* Ames, Iowa: North Central Regional Center for Rural Development. xii + 82 pp.

A collection of short pieces by various authors; the most useful deal with the link between rural economic development and agriculture, rural industrialization, rural service businesses, and rural areas as residences for retirees.

North Dakota State University Cooperative Extension Service. 1987, August. *Do-It-Yourself Development: Clues to Rural Survival.* Fargo, N.D.: North Dakota State University Cooperative Extension Service. 3 pp.

Outlines characteristics that distinguish rural communities that have had successful economic development efforts and have experienced population growth versus those that have not.

Phillips, Phillip D. 1988, Spring. "Economic Development: A Marketing Approach." *Economic Development Review,* 6(2): 16-19.

Presents an integrated approach to economic development based on marketing concepts, including product (community asset and liability) analysis, development of a marketing strategy, product (community) improvement, and program implementation and evaluation.

Public Technology, Inc. 1986. *Marketing Your Community.* Washington, D.C.: Public Technology, Inc. xiii + 81 pp.

Describes marketing program elements for business retention and attraction, including use of themes, public relations, and speakers' bureaus. Presents several in-depth case studies.

Public Technology, Inc. No date. *Strategies for Cities and Counties: A Strategic Planning Guide.* Washington, D.C.: Public Technology, Inc. xiii + 76 pp.

A primer for the community or regional development organization considering a strategic planning effort. Describes the benefits and costs of strategic planning, techniques of organizing for consensus building, and presents an eight-step method for preparing a strategic plan. Numerous real world examples are presented.

Pulver, Glen C. 1986. *Community Economic Development Strategies.* Madison, Wis.: University of Wisconsin Cooperative Extension Service. 17 pp.

An introductory description of structural changes in the U.S. economy that are influencing rural areas and five basic strategies for community economic development.

Reynolds, Paul. 1989, Summer. "New Firms: Enhancing Their Growth." *Economic Development Commentary,* 13(2): 4-11.

Describes the steps that a community can take to facilitate the establishment and success of new firms.

Schmenner, Roger W. 1982. *Making Business Location Decisions.* Englewood Cliffs, N. J.: Prentice-Hall. xv + 268 pp.

A good, readable introduction to the factors that influence and control corporate site selection decisions, the role of incentives in the site selection decision, examples of the site selection process by Fortune 500 companies, and plant closings.

Schlegel, Toni F. 1988. *Marketing for Communities.* Madison, Wis.: University of Wisconsin Extension Cooperative Extension Service. 54 pp.

An extensive annotated bibliography on marketing, market research, and targeting for economic development organizations.

Smith, David M. 1981. *Industrial Location: An Economic Geographical Analysis* (2nd edition). New York: John Wiley. 492 pp.

A standard university-level textbook in the field of industrial location; provides a theoretical background for understanding corporate site selection and some practical examples. Not easy reading.

Swager, Ronald J. 1987. *A Bibliography of Recent Literature in Economic Development.* Schiller Park, Ill.: American Economic Development Council. ii + 37 pp.

An eclectic bibliography of sources on general economic development, information sources, financing, community preparedness and promotion, and economic development agency management; with cross-index by key words and authors.

Thomas, Margaret G. 1988. *Profiles in Rural Economic Development: A Guidebook of Selected Successful Rural Area Initiatives.* Kansas City, Mo.: Midwest Research Institute. 142 pp.

Provides profiles of more than 69 successful rural economic development initiatives in small towns and rural areas throughout the United States. Each two-page profile describes the initiative, its funding sources and benefits, and provides a local contact person. Also includes a list of guidelines derived from these successful development programs.

Thomas, Margaret G. 1990. *Rural Economic Development: A Resource File of Selected Technical Assistance Providers.* Kansas City, Mo.: Midwest Research Institute. 250 pp.

Provides program descriptions and contact information for technical assistance sources responding to a survey of the states conducted by the Midwest Research Institute.

U.S. Department of Agriculture, Economic Research Service. 1987. *Rural Development in the 1980s: Prospects for the Future* (RDDR-69). Washington, D.C.: U.S. Government Printing Office. 395 pp.

Presents the findings of a major study of economic conditions in rural America and alternative policy strategies for addressing rural problems.

U.S. Department of Labor and Education. 1988. *Bottom Line: Basic Skills in the Workplace.* Washington, D.C.: U.S. Department of Labor Office of Public Information. 50 pp.

Focuses on labor force quality issues, including workplace literacy and how to identify skill need. Provides practical guidance on how employees can set up a basic skill program.

U.S. Small Business Administration. 1988. *Working Together: A Guide to Federal and State Resources for Rural Development.* Washington, D.C.: U.S. Small Business Administration. 207 pp.

Catalogues hundreds of programs available from state and federal agencies, with contact addresses and phone numbers. Includes finance, information, marketing, technology, and work force programs.

Wagner, Kenneth C. 1978. *Economic Development Manual.* Jackson, Miss.: University Press of Mississippi. vi + 158 pp.

A cleverly presented and conversational discussion of economic development, including not only traditional topics such as sites and handling prospects, but also such important but rarely discussed topics as the local political aspects of development programs.

Webber, Michael J. 1984. *Industrial Location.* Beverly Hills, Calif.: Sage Publications. 95 pp.

A brief, and to the extent possible, readable and nontechnical introduction to formal industrial location theory, which is based on the concept of a firm seeking a least-cost location.

Wisconsin Economic Development Association, Inc., and Wisconsin Department of Development. 1988. *Wisconsin Community Preparedness Manual.* Madison, Wis.: Wisconsin Department of Development. 35 pp.

An easy-to-read introduction to economic development with several checklists for sites, buildings, and community profiles. Describes the steps, activities, and documentation needed for community planning and development.

Wisconsin, University of, Division of Cooperative Extension. 1986. *Revitalizing Rural America.* Madison, Wis.: University of Wisconsin Extension. 28 pp.

Discusses perspectives on a changing world economy, changes in rural America, and the response of cooperative extension to the challenges that these present.

Periodicals

American Demographics. 127 West State Street, Ithaca, NY 14850 (Tel. 1-800-828-1133).

Good source of nontechnical articles on major demographic trends affecting marketing and labor supply (monthly).

Area Development: Sites and Facility Planning. Halcyon Business Publications, 400 Post Avenue, Westbury, NY 11590 (Tel. 1-800-735-2732).

Controlled circulation publication targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics (monthly).

Business Facilities. 121 Monmouth Street, Red Bank, NJ 07701 (Tel. 1-800-524-0337).

Controlled circulation publication targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics. Also publishes annual *Site Seekers Guide* listing economic development organizations (monthly).

Economic Developments. Council for Urban Economic Development, 1730 K Street NW, Washington, DC 20006 (Tel. 202-223-4735).

Eight-page newsletter directed to economic development professionals. Includes news items, publication reviews, and job notices (twice monthly).

Economic Development Quarterly: The Journal of American Economic Revitalization. Sage Publications Ltd., 211 West Hillcrest Drive, Newbury Park, CA 91360.

Bills itself as "A journal designed to bridge the gap between practitioners, academics, and informed citizens in the field of economic development." Comments, research results, and reviews (quarterly).

Economic Development Review. American Economic Development Council, 4849 North Scott Street, Schiller Park, IL 60176 (Tel. 708-671-5646).

Specializes in short, readable articles designed to provide information and advice to economic development practitioners (quarterly).

Expansion. Suite 800, 514 Tenth Street, NW, Washington, DC 20004 (Tel. 202-347-1384).

Controlled circulation publication targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics (bimonthly).

Industrial Development and Site Selection. Conway Data, 40 Technology Park, Atlanta, GA 30092-0990 (Tel. 1-800-554-5686).

Targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics (monthly).

NBIA Review. National Business Incubation Association, One President Street, Athens, OH 45701 (Tel. 614-593-4331).

News of interest to those operating or considering the establishment of a new business incubator (quarterly).

Planning. American Planning Association, 1313 East 60th Street, Chicago, IL 60637.

Short, nontechnical articles on a wide variety of planning-related topics, including economic development.

Plant Sites and Parks. Plant Sites and Parks, Inc., 10240 West Sample Road, Coral Springs, FL 33065 (Tel. 305-753-2660).

Controlled circulation publication targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics (monthly).

Rural Development Perspectives. Published by the U.S. Department of Agriculture Economics Research Service, 1301 New York Avenue, NW, Washington, DC 20005 (Tel. 202-786-1530).

Presentations by recognized experts on a wide variety of rural development-related topics.

Site Selection Handbook. Conway Data, 40 Technology Park, Atlanta, GA 30092.

Controlled circulation publication targeted to corporate executives with influence on site selection decisions. Contains short, easy-to-read articles on various site selection-related topics (bimonthly).

General Corporate References

These data sources are often relatively expensive because of the cost of updating them to keep them timely. They are favorites of business investors, however, and should be available at any medium-sized or large public library.

Dun and Bradstreet and Dun's Marketing Services, Parsippany N.J.

Provide a variety of valuable reference sources, including *The Million Dollar Directory* (annual), which gives data on officers, products, and finances of all public companies with more than $1 million in annual sales; and *America's Corporate Families: The Billion Dollar Directory* (annual), which provides information on corporate ownership.

Encyclopedia of Associations, Gale Research, Detroit, Mich.

Every industry has its trade association, and these trade associations are a treasury of information, ranging from directories of members to industry magazines to current data. All of these are described in the *Encyclopedia of Associations*, along with addresses, telephone numbers, and a good cross-reference system to find what you want.

Moody's Investor Services, New York.

Provides many services similar to Dun and Bradstreet, including *Moody's Industrial Manual* (annual), which provides information on domestic companies; and *Moody's International Manual* (annual), a good source of information about foreign companies.

Predicasts Forecasts, Predicasts, Inc., Cleveland, Ohio.

Provides a compilation of growth forecasts from various sources for every conceivable industry. A valuable tool in targeting and retention.

Standard and Poor's, New York.

Provides a variety of corporate data services, including *Industry Surveys* and *Standard Corporate Descriptions.*

Government Publications

Government publications are invaluable and inexpensive sources of information about your community and about various types of industries you are trying to retain or attract. All of the documents listed below are available from the U.S. Government Printing Office, Washington, D.C. 20402 (Tel. 202-783-3238), and should be available at your local public library.

Census of Manufacturers. U.S. Department of Commerce, Bureau of the Census.

A wealth of information on production, location, employment, finances, materials consumed, and other critical data. Taken every 5 years in years ending in 2 and 7.

Census of Population and Housing. U.S. Department of Commerce, Bureau of the Census.

The basic reference on the distribution, growth, social and economic characteristics, and housing characteristics, of America's population. Data for geographic areas ranging from city blocks to the entire United States.

Census of Retail Trade. U.S. Department of Commerce, Bureau of the Census.

Data on retail sales and the number of business establishments down to the county level and larger cities. Taken every 5 years in years ending in 2 and 7.

Census of Service Industries. U.S. Department of Commerce, Bureau of the Census.

Data on the most rapidly growing sector of the economy by industry and geographic area. Taken every 5 years in years ending in 2 and 7.

Census of Wholesale Trade. U.S. Department of Commerce, Bureau of the Census.

Data by industry and area. Taken every 5 years in years ending in 2 and 7.

County and City Data Book. U.S. Department of Commerce, Bureau of the Census.

An invaluable desk reference for hundreds of items of social and economic information for all counties and larger communities in the United States; issued annually.

County Business Patterns. U.S. Department of Commerce, Bureau of the Census.

Not as well known as it should be, this data series gives information on employment by major business sectors for all counties in the United States and for all communities of more than 2,500 population. Especially valuable because it is issued annually with a relatively short time lag from data collection to publication.

Monthly Labor Review. U.S. Department of Commerce, Bureau of Labor Statistics.

The most up-to-date information on wages, hours worked, and other key indicators by industry and for states and major metropolitan areas; issued monthly.

Standard Industrial Classification Manual. U.S. Office of Management and Budget.

Lists and defines all of the several hundred Standard Industrial Classification (SIC) codes, which are used by the federal government to collect data for various industries. These classifications are also essential to understand virtually all private data gathering sources which use the SIC codes as well.

Statistical Abstract of the United States. U.S. Department of Commerce, Bureau of the Census.

National and often state and multistate regional data on thousands of topics. An invaluable desk reference of comparison and historical trend data; issued annually.

U.S. Industrial Outlook. U.S. Department of Commerce International Trade Administration.

An invaluable reference of historical and current data and future outlook for more than 350 classifications of businesses. Includes statistical tables, graphs, information sources, and contacts for each industry. A must both for targeting and background on existing businesses; issued annually.

Development Organizations

American Economic Development Council, 4849 North Scott Street, Schiller Park, IL 60176 (Tel. 312-671-5646).

A membership organization of more than 1,200 economic development professionals. Publishes a quarterly magazine (*Economic Development Review*), books and pamphlets on topics of special interest to economic developers, and a newsletter. Also sponsors an annual meeting and meetings and seminars on various development-related topics. Certifies one-week Basic Economic Development courses in many states.

Council for Urban Economic Development (CUED), 1730 K Street, NW, Washington, DC (Tel. 202-223-4735).

Specialists in public sector economic development efforts. Publishes a twice-monthly newsletter (*Economic Developments*) and monographs and pamphlets on various subjects. Sponsors various conferences on topics of interest to community economic developers.

Council of State Governments, P.O. Box 11910, Lexington, KY 40578 (Tel. 606-252-2291).

Provides data and policy information for elected state government officials and agencies. Some publications deal with economic development.

Economic Development Institute, 1700 Asp Avenue, Norman, OK 73037 (Tel. 405-325-3891)

Three-year series of development training seminars held each August at the University of Oklahoma and in Indianapolis, Indiana, and leading to designation as a Certified Economic Developer. Contact June M. Wilmot, Director, Economic Development Institute.

Economic Research Service Agriculture and Rural Economics Division (U.S. Department of Agriculture), 1301 New York Avenue NW, Washington, DC 20005-4788 (Tel. 202-786-1530).

Conducts research and publishes reports on rural business development, financial markets, population, income and well-being, and labor markets.

National Association of Development Organizations, 400 North Capitol Street NW, Suite 372, Washington, DC 20002 (Tel 202-624-7806).

Promotes economic development in rural areas and smaller communities through cooperation among planning and development organizations, cities, educational institutions, and private business. Publishes a weekly newsletter and holds regional training workshops and an annual conference.

National Association of State Development Agencies, 444 Capitol Street NW, Washington, DC 20001 (Tel. 202-624-5411).

A nonprofit membership organization that serves as a forum in which directors of state development agencies can exchange information and serves as a liaison with the federal government. Sponsors conferences and workshops and provides technical assistance and research services.

National Association of Towns and Townships, 1522 K Street NW, Washington, DC 20005. Contact Nancy Stark (Tel. 202-737-5200).

A not-for-profit membership organization designed to promote effective government for townships and small communities through educational services, analysis, and public policy recommendations.

National Business Incubator Association, One President Street, Athens, OH 45701 (Tel. 614-593-4331)

Publishes directories, a quarterly magazine (*NBIA Review*), and various informational pamphlets. Also sponsors a national annual meeting and training institutes.

National Development Council, 211 East Fourth Street, Covington, KY 41011 (Tel. 606-291-0220).

Experts in economic development financing, including public sector real estate development, pooled industrial revenue bonds, and loan packaging. Sponsors training sessions on these topics.

National League of Cities, 1301 Pennsylvania Avenue NW, Washington, DC 20004 (Tel. 202-626-3000).

A membership organization of larger and some smaller communities that seeks to provide its members with timely information on a variety of topics, including economic development.

North Central Regional Center for Rural Development, Iowa State University, Ames, IA 50011 (Tel. 515-294-8322).

Provides information and produces many publications relevant to rural economic development, especially in the Midwest.

Public Technology, Inc., 1301 Pennsylvania Avenue, NW, Washington, DC 20004 (Tel. 202-626-2400).

A not-for-profit organization that conducts cooperative research, development, and technology transfer programs. Serves as the technical arm of the National League of Cities.

Small Business Administration Small Business Development Center Program, 1441 L Street NW, Washington, DC 20416 (Tel. 202-653-6768).

Sponsors a variety of programs for small business, including SCORE (Service Corps of Retired Executives). Operates the (SBDC) Small Business Development Center program.

U.S. Department of Agriculture, Economics Research Service, 1301 New York Avenue NW, Washington, DC 20005 (Tel. 202-786-1530).

U.S. Department of Agriculture Extension Service, National Program for Economic Development, Room 3865 South Building, 14th and Independence Avenue, Washington, DC 20250 (Tel. 202-447-7185).

U.S. Department of Commerce Economic Development Administration, Division of Technical Assistance and Research, Room H7866, Herbert Hoover Building, 14th and Constitution Avenue, NW, Washington, DC 20230 (Tel. 202-377-4085).

Author

Phillip D. Phillips received a bachelor's degree in 1968 and a master's degree in 1969 from the University of Illinois at Urbana-Champaign. He received his Ph.D. degree from the University of Minnesota in 1973.

Dr. Phillips has worked in both the academic world and the private sector. Between 1972 and 1980, he was a University of Kentucky faculty member and then worked with WAPORA, Inc., an environmental and economic research consulting firm. In 1980 he joined the Fantus Company as a consultant and vice president. While at Fantus, he worked on more than twenty site selection projects and managed more than forty community and regional economic development studies.

In 1986, Dr. Phillips joined the University of Illinois as Director of the Office of Corporate Relations and Community Development. He also holds appointments as an associate professor in the departments of geography and urban regional planning. He has published numerous journal articles and book chapters and has made many presentations on the subjects of business site selection, economic development, and urban planning.